

Regulation for Enforcement of the Corporation Tax Act (Limited to the provisions related to foreign corporations)

(Order of the Ministry of Finance No. 12 of March 31, 1965)

Part II Corporation Tax for Domestic Corporations

Chapter I Corporation Tax on Income for Each Business Year

Section 2 Calculation of the Amount of Tax

(Gross Revenue, etc. Related to Calculation of the Amount of Foreign Corporation Tax That Is Not Eligible for a Foreign Tax Credit)

Article 29 (1) The amount specified by Ministry of Finance Order as the amount equivalent to the sum of the gross revenue prescribed in Article 142-3, paragraph (2), item (i) (Amount of Foreign Corporation Tax That Is Not Eligible for a Foreign Tax Credit) of the Order, prescribed in item (ii) of the same paragraph, is to be the amount obtained by deducting the amount listed in item (iii) from the sum of the amounts listed in item (i) and item (ii):

- (i) the sum of the gross revenue for the payable business year prescribed in Article 142-3, paragraph (2) of the Order (hereinafter referred to as the "payable business year" in this Article) and the business years within the preceding two years prescribed in the same paragraph (hereinafter referred to as the "business years within the preceding two years" in this Article) (where the gross revenue contains any revenue from the transfer of securities and fixed assets (hereinafter referred to as "assets" in this item), the gross revenue is to be calculated by deeming that the amount that remains after deducting, from the amount of revenue, the book value of the assets immediately prior to the transfer to be the revenue pertaining to the assets; the same applies in the following paragraph);
- (ii) the sum of the reversal of liability reserves and the reversal of reserves for outstanding claims for the payable business year and the business years within the preceding two years;
- (iii) the sum of insurance monies paid, pensions paid, benefits paid, refunds on cancellation or any other refunds, reinsurance premiums paid, payments of deferred insurance money, additions to liability reserves (excluding the portion of those additions that is equivalent to the interest pertaining to the insurance reserves prescribed in Article 21, paragraph (2), item (i), (a) (Amount Whose Economic Nature is Equivalent to That of Interest) of the Order (referred to as the "assumed interest" in the following paragraph)), additions to reserves for outstanding claims, and additions to reserves for

- insurance policyholder dividends (excluding the portion of those additions that consists of interest, dividends, or any other proceeds from assets set forth in (b) of the same item) for the payable business year and the business years within the preceding two years.
- (2) The amount specified by Ministry of Finance Order as the amount equivalent to the sum of the gross revenue prescribed in Article 142-3, paragraph (2), item (i) of the Order, prescribed in item (iii) of the same paragraph, is to be the amount obtained by deducting the amount listed in item (iii) from the sum of the amounts listed in item (i) and item (ii):
- (i) the sum of the gross revenue prescribed in item (i) of the preceding paragraph for the payable business year and the business years within the preceding two years;
 - (ii) the sum of the reversal of liability reserves and the reversal of reserves for outstanding claims for the payable business year and the business years within the preceding two years;
 - (iii) the sum of the insurance monies paid, refunds at maturity, refunds on cancellation and any other refunds, reinsurance premiums paid, additions to liability reserves (excluding the portion of those additions which is equivalent to the amount of assumed interest), and additions to reserves for outstanding claims for the payable business year and the business years within the preceding two years.
- (3) The amount specified by Ministry of Finance Order as the sum of the gross profit margins prescribed in Article 142-3, paragraph (2), item (iv) of the Order is to be the amount obtained by deducting the sum of the gross costs of goods sold as prescribed in the same item from the sum of the revenue from the sale of inventories (in the case of business other than business related to the sale of inventories, the sum of the revenue from that business) for the payable business year and the business years within the preceding two years.
- (4) The amount specified by Ministry of Finance Order as the sum of the gross costs of goods sold prescribed in Article 142-3, paragraph (2), item (iv) of the Order is to be the sum of the costs of inventories (in the case of business other than business related to the sale of inventories, the sum of the costs or expenses equivalent thereto) for the payable business year and the business years within the preceding two years.

(Matters for Entry in a Written Notification Concerning the Application of Special Provisions Where a Qualified Company Split Has Been Effected)

Article 29-2 The matters specified by Ministry of Finance Order prescribed in Article 69, paragraph (6) (Foreign Tax Credit) of the Act are the following:

- (i) the name and the place of tax payment of the domestic corporation seeking application of the provisions of Article 69, paragraph (5) of the Act, and the

- name of the representative thereof;
- (ii) the name of the split corporation, etc. prescribed in Article 69, paragraph (6) of the Act involved in the qualified company split, etc. prescribed in the same paragraph (referred to as the "qualified company split, etc." in the following item) (where the split corporation, etc. falls under the category of a consolidated subsidiary corporation, the name of the split corporation, etc. and its consolidated parent corporation), and its place of tax payment, or the location of its head office or of its principal office, and the name of the representative thereof;
- (iii) the day of the qualified company split, etc.;
- (iv) the amount that is deemed to be the limit on a creditable amount prescribed in Article 69, paragraph (1) of the Act for the business years specified in the items of Article 146, paragraph (2) of the Order or the items of paragraph (3) of the same Article (Limit on the Amount of Carry Forward Credit, etc. in the Case of Qualified Organizational Restructuring) of the domestic corporation set forth in Article 69, paragraph (5) of the Act (limited to the part pertaining to item (ii) or item (iii)) pursuant to the provisions of the same paragraph, and a detailed statement concerning the calculation thereof;
- (v) the amount that is deemed to be the creditable amount of foreign corporation tax prescribed in Article 69, paragraph (1) of the Act which the domestic corporation set forth in Article 69, paragraph (5) of the Act (limited to the part pertaining to item (ii) or item (iii)) paid in the business years specified in the items of Article 146, paragraph (2) of the Order or the items of paragraph (3) of the same Article pursuant to the provisions of Article 69, paragraph (5) of the Act, and a detailed statement concerning the calculation thereof;
- (vi) other matters for reference.

(Documents for Receiving a Foreign Tax Credit)

Article 29-3 (1) The documents containing details on the calculation of the creditable amount of foreign corporation tax and any other documents specified by Ministry of Finance Order, prescribed in Article 69, paragraph (10) (Foreign Tax Credit) of the Act, are the following:

- (i) a document containing an explanation of the fact that the tax imposed under foreign laws or regulations for which the application of the provisions of Article 69, paragraph (1) of the Act is sought falls under the category of the foreign corporation tax prescribed in the same paragraph (hereinafter referred to as "foreign corporation tax" in this paragraph) and containing details on the calculation of the creditable amount of foreign corporation tax prescribed in paragraph (1) of the same Article (hereinafter referred to as the

"creditable amount of foreign corporation tax" in this Article and the following Article);

- (ii) where the provisions of Article 69, paragraph (8) of the Act are applied (excluding the case prescribed in the following item), a document containing, with regard to the amount of foreign corporation tax that has been reduced in the relevant business year, the amount that was reduced and the day of the reduction, as well as an explanation of the fact that the amount of foreign corporation tax has been used as the basis for calculating the amount to be credited under the provisions of paragraphs (1) to (3) of the same Article or Article 81-15, paragraphs (1) to (3) (Foreign Tax Credit in Consolidated Business Years) of the Act in the business years or consolidated business years preceding the relevant business year, and containing details on the calculation of the amount of reduced creditable foreign corporation tax prescribed in Article 150, paragraph (1) (Special Provisions where Foreign Corporation Tax Has Been Reduced) of the Order (referred to as the "amount of reduced creditable foreign corporation tax" in the following item);
- (iii) where the provisions of Article 150, paragraph (4) of the Order are applied (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (5) of the same Article) to the amount of reduced creditable foreign corporation tax that has arisen for the merged corporation, etc. prescribed in Article 69, paragraph (5) of the Act (hereinafter referred to as the "merged corporation, etc." in this item) that is involved in the qualified organizational restructuring prescribed in the same paragraph, a document containing, with regard to the amount of foreign corporation tax that has been reduced in any of the business years preceding or including the business year containing the day preceding that of the qualified merger or qualified company split of the merged corporation, etc. or the business years preceding the business year containing the day of the qualified spin-off-type company split, etc. (meaning a qualified spin-off-type company split, etc. prescribed in Article 69, paragraph (5), item (iii) of the Act; hereinafter the same applies in this item) (hereinafter that business year is referred to as the "business year preceding the qualified organizational restructuring" in this item), or in any of the consolidated business years preceding or including the business year containing the day preceding that of the qualified merger or qualified company split of the merged corporation, etc. or the consolidated business years preceding the consolidated business year containing the day of the qualified spin-off-type company split, etc. (hereinafter that consolidated business year is referred to as the "consolidated business year preceding the qualified organizational restructuring"), the amount that was reduced and the day of the reduction, as well as an explanation of the fact that the amount of foreign corporation tax has been used as the basis for

- calculating the amount to be credited under the provisions of Article 69, paragraphs (1) to (3) or Article 81-15, paragraphs (1) to (3) of the Act in the business year preceding the qualified organizational restructuring or the consolidated business year preceding the qualified organizational restructuring of the merged corporation, etc., and containing details on the calculation of the amount of reduced creditable foreign corporation tax;
- (iv) where seeking application of the provisions of Article 66-7, paragraph (1) (Foreign Tax Credit for the Taxable Amount of a Domestic Corporation's Specified Foreign Subsidiary Company, etc.) of the Act on Special Measures Concerning Taxation (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article; hereinafter the same applies in this item and the following item), a document containing an explanation of the fact that the tax being imposed under foreign laws or regulations for which application of the provisions of paragraph (1) of the same Article is sought falls under the category of foreign corporation tax, and containing details on the calculation of the amount that is deemed to be the creditable amount of foreign corporation tax as prescribed in the same paragraph;
- (v) where the provisions of Article 66-7, paragraph (1) or Article 68-91, paragraph (1) (Foreign Tax Credit for the Individually Taxable Amount of a Domestic Corporation's Specified Foreign Subsidiary Company, etc.) of the Act on Special Measures Concerning Taxation were applied (including where these provisions were applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article) in any business year or consolidated business year starting within seven years preceding the first day of the relevant business year, if any amount of foreign corporation tax being imposed on the income of the specified foreign subsidiary company, etc. (meaning a specified foreign subsidiary company, etc. as prescribed in Article 66-6, paragraph (1) (Inclusion of the Taxable Amount of a Domestic Corporation's Specified Foreign Subsidiary Company, etc. in Gross Income) or Article 68-90, paragraph (1) (Inclusion of the Individually Taxable Amount of a Consolidated Corporation's Specified Foreign Subsidiary Company, etc. in Gross Income) of the same Act) to which the provisions were applied was reduced in the relevant business year, a document containing, with regard to the amount of foreign corporation tax, the amount that was reduced and the day of the reduction, and containing details on the calculation of the amount that is deemed to have been reduced under the provisions of Article 39-18, paragraph (5) or paragraph (6) (Special Provisions where Foreign Corporation Tax on the Taxable Amount of a Specified Foreign Subsidiary Company, etc. Has Been Reduced) of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957);

- (vi) where seeking application of the provisions of Article 66-9-3, paragraph (1) (Foreign Tax Credit for the Taxable Amount of the Specified Foreign Corporation of a Domestic Corporation That Is a Specially-Related Shareholder, etc.) of the Act on Special Measures Concerning Taxation (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article; hereinafter the same applies in this item and the following item), a document containing an explanation of the fact that the tax being imposed under foreign laws or regulations for which the application of the provisions of paragraph (1) of the same Article is sought falls under the category of foreign corporation tax, and containing details on the calculation of the amount that is deemed to be the creditable amount of foreign corporation tax as prescribed in the same paragraph;
- (vii) where the provisions of Article 66-9-3, paragraph (1) or Article 68-93-3, paragraph (1) (Foreign Tax Credit for the Specified Individually Taxable Amount of the Specified Foreign Corporation of a Consolidated Corporation That Is a Specially-Related Shareholder, etc.) of the Act on Special Measures Concerning Taxation were applied (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article) in any business year or consolidated business year starting within seven years preceding the first day of the relevant business year, if any amount of foreign corporation tax being imposed on the income of the specified foreign corporation (meaning a specified foreign corporation as prescribed in Article 66-9-2, paragraph (1) (Inclusion of the Taxable Amount of the Specified Foreign Corporation of a Domestic Corporation That Is a Specially-Related Shareholder, etc. in Gross Income) or Article 68-93-2, paragraph (1) (Inclusion of the Specified Individually Taxable Amount of the Specified Foreign Corporation of a Consolidated Corporation That Is a Specially-Related Shareholder, etc. in Gross Income) of the same Act) pertaining to the application was reduced in the relevant business year, a document containing, with regard to the amount of foreign corporation tax, the amount that was reduced and the day of the reduction, and containing details on the calculation of the amount that is deemed to have been reduced under the provisions of Article 39-18, paragraph (5) or paragraph (6) of the Order for Enforcement of the Act on Special Measures Concerning Taxation that are to be applicable pursuant to the provisions of Article 39-20-6, paragraph (2) (Calculation, etc. of the Amount of Foreign Corporation Tax for the Taxable Amount of a Specified Foreign Corporation) of the same Order;
- (viii) a copy of the return for the tax prescribed in item (iv) or item (vi) that certifies that the tax has been imposed, or any alternative document related to the tax, and, if the tax has already been paid, a document certifying the

payment.

- (2) The documents certifying that the creditable amount of foreign corporation tax has been imposed and other documents specified by Ministry of Finance Order prescribed in Article 69, paragraph (10) of the Act are the following:
- (i) a copy of the return for the tax prescribed in item (i) of the preceding paragraph that certifies that the tax has been imposed, or any alternative document related to the tax, and, if the tax has already been paid, a document certifying the payment, as well as a document certifying the fact that the tax falls under the creditable amount of foreign corporation tax and that the creditable amount of foreign corporation tax has been imposed;
 - (ii) where seeking application of the provisions of the proviso to Article 9-7, paragraph (4) (Limit on Creditable Amount of Prefectural Inhabitants Tax) or the proviso to Article 48-13, paragraph (5) (Limit on the Creditable Amount of the Municipal Inhabitants Tax) of the Order for Enforcement of the Local Tax Act (Cabinet Order No. 245 of 1950) (including where this is applied mutatis mutandis pursuant to Article 57-2 (Application Mutatis Mutandis of Provisions on Corporations' Municipal Inhabitants Tax, etc. to Tokyo) of the same Order), a copy of the return for local tax that certifies the basis for calculation of the limit on amounts under these provisions or any alternative document.

(Documents for Receiving Foreign Tax Credit through Carry Forward or Carry Back)

- Article 30 (1) The documents containing matters that should be the basis for calculating the limit on the amount of carry forward credit or the amount of foreign corporation tax subject to a carry forward credit and other documents specified by Ministry of Finance Order prescribed in Article 69, paragraph (11) (Foreign Tax Credit) of the Act are the following:
- (i) a document containing matters that should be the basis for calculating the limit on the amount of carry forward credit (meaning the limit on the amount of carry forward credit as prescribed in Article 69, paragraph (2) of the Act) or the amount of foreign corporation tax subject to a carry forward credit (meaning the amount of foreign corporation tax subject to a carry forward credit as prescribed in paragraph (3) of the same Article);
 - (ii) documents equivalent to those listed in the items of paragraph (1) of the preceding Article where application of the provisions of Article 69, paragraph (2) of the Act is sought when there is no amount to be credited under the provisions of paragraph (1) of the same Article.
- (2) The documents certifying the imposition of the creditable amount of foreign corporation tax and other documents as specified by Ministry of Finance Order prescribed in Article 69, paragraph (11) of the Act are the following:

- (i) a document equivalent to that listed in paragraph (2), item (i) of the preceding Article where seeking the application of the provisions of Article 69, paragraph (2) of the Act when there is no amount to be credited under the provisions of paragraph (1) of the same Article;
- (ii) a document certifying that the creditable amount of foreign corporation tax related to the amount that should be credited under the provisions of Article 69, paragraph (3) of the Act has been imposed.

**Chapter I-2 Corporation Tax on Consolidated Income for Each
Consolidated Business Year
Section 2 Calculation of the Amount of Tax**

(Gross Revenue Related to Calculation of the Amount of Foreign Corporation
Tax That Is Not Eligible for a Foreign Tax Credit)

Article 37-4 (1) The amount specified by Ministry of Finance Order as the amount equivalent to the sum of the gross revenue prescribed in Article 155-27, paragraph (2), item (i) of the Order (Amount of Foreign Corporation Tax That Is Not Eligible for Foreign Tax Credit), prescribed in item (ii) of the same paragraph, is to be the amount obtained by deducting the amount listed in item (iii) from the sum of the amounts listed in item (i) and item (ii):

- (i) the sum of the gross revenue for the payable consolidated business year as prescribed in Article 155-27, paragraph (2) of the Order (hereinafter referred to as the "payable consolidated business year" in this Article) and the consolidated business years within the preceding two years as prescribed in the same paragraph (hereinafter referred to as the "consolidated business years within the preceding two years" in this Article) (where the gross revenue contains any revenue from the transfer of securities and fixed assets (hereinafter referred to as "assets" in this item), the gross revenue is to be calculated by deeming that the amount that remains after deducting, from the amount of revenue, the book value of the assets immediately prior to the transfer to be the revenue from the assets; the same applies in the following paragraph);
- (ii) the sum of the reversal of liability reserves and the reversal of reserves for outstanding claims for the payable consolidated business year and the consolidated business years within the preceding two years;
- (iii) the sum of the insurance monies paid, pensions paid, benefits paid, refunds on cancellation or any other refunds, reinsurance premiums paid, payments of deferred insurance monies, additions to liability reserves (excluding the portion of the additions that is equivalent to interest on insurance reserves as prescribed in Article 21, paragraph (2), item (i), (a) (Amount Whose Economic Nature is Equivalent to That of Interest) of the

Order (referred to as the "assumed interest" in the following paragraph)), additions to reserves for outstanding claims, and additions to reserves for insurance policyholder dividends (excluding the portion of the additions that consists of interest, dividends, or any other proceeds from assets set forth in (b) of the same item) for the payable consolidated business year and the consolidated business years within the preceding two years.

(2) The amount specified by Ministry of Finance Order as the amount equivalent to the sum of gross revenue as prescribed in Article 155-27, paragraph (2), item (i) of the Order, prescribed in item (iii) of the same paragraph, is to be the amount obtained by deducting the amount listed in item (iii) from the sum of the amounts listed in item (i) and item (ii):

- (i) the sum of the gross revenue as prescribed in item (i) of the preceding paragraph for the payable consolidated business year and the consolidated business years within the preceding two years;
- (ii) the sum of the reversal of liability reserves and the reversal of reserves for outstanding claims for the payable consolidated business year and the consolidated business years within the preceding two years;
- (iii) the sum of the insurance monies paid, refunds at maturity, refunds on cancellation, and any other refunds, reinsurance premiums paid, additions to liability reserves (excluding the portion of the additions that is equivalent to the amount of assumed interest), and additions to reserves for outstanding claims for the payable consolidated business year and the consolidated business years within the preceding two years.

(3) The amount specified by Ministry of Finance Order as the sum of the gross profits prescribed in Article 155-27, paragraph (2), item (iv) of the Order is to be an amount obtained by deducting the sum of the gross costs of goods sold as prescribed in the same item from the sum of the revenue from the sale of inventories (for a business other than a business related to the sale of inventories, the sum of the revenue from that business) for the payable consolidated business year and the consolidated business years within the preceding two years.

(4) The amount specified by Ministry of Finance Order as the sum of the gross costs of goods sold as prescribed in Article 155-27, paragraph (2), item (iv) of the Order is to be the sum of the costs of inventories (for a business other than a business related to the sale of inventories, the sum of the costs or expenses equivalent thereto) for the payable consolidated business year and the consolidated business years within the preceding two years.

(Matters for Entry in a Written Notification on the Application of Special Provisions Where a Qualified Company Split Has Been Effected)

Article 37-5 The matters specified by Ministry of Finance Order prescribed in

Article 81-15, paragraph (6) (Foreign Tax Credits in Consolidated Business Years) of the Act are the following:

- (i) the name of the consolidated corporation seeking application of the provisions of Article 81-15, paragraph (5) of the Act (limited to the part pertaining to item (ii) or item (iii)) (where the consolidated corporation is a consolidated subsidiary corporation, the name of the consolidated corporation and its consolidated parent corporation), and its place of tax payment, or the location of its head office or of its principal office, and the name of the representative thereof;
- (ii) the name of the split corporation, etc. prescribed in Article 81-15, paragraph (6) of the Act that was involved in a qualified company split, etc. as prescribed in the same paragraph (referred to as the "qualified company split, etc." in the following item) (where the split corporation, etc. falls under the category of a consolidated subsidiary corporation, the name of the split corporation, etc. and its consolidated parent corporation), and its place of tax payment, or the location of its head office or of its principal office, and the name of the representative thereof;
- (iii) the day of the qualified company split, etc.;
- (iv) the amount that is deemed to be the individually attributed limit of a consolidated creditable amount prescribed in Article 81-15, paragraph (1) of the Act for the consolidated business years specified in the items of Article 155-34, paragraph (2) of the Order or the items of paragraph (3) of the same Article (Limit on the Individual Amount of Carry Forward Credit, etc. in the Case of Qualified Organizational Restructuring) of the consolidated corporation set forth in Article 81-15, paragraph (5) of the Act (limited to the part pertaining to item (ii) or item (iii)) pursuant to the provisions of the same paragraph, and a detailed statement on the calculation thereof;
- (v) the amount that is deemed to be the individually creditable amount of foreign corporation tax prescribed in Article 81-15, paragraph (1) of the Act which the consolidated corporation set forth in Article 81-15, paragraph (5) of the Act is to pay in the consolidated business years specified in the items of Article 155-34, paragraph (2) of the Order or the items of paragraph (3) of the same Article pursuant to the provisions of Article 81-15, paragraph (5) of the Act (limited to the part pertaining to item (ii) or item (iii)), and a detailed statement concerning the calculation thereof;
- (vi) other matters for reference.

(Documents for Receiving a Foreign Tax Credit)

Article 37-6 (1) The documents containing details on the calculation of the individually creditable amount of foreign corporation tax and any other documents specified by Ministry of Finance Order, prescribed in Article 81-15,

paragraph (9) (Foreign Tax Credits in Consolidated Business Years) of the Act, are the following:

- (i) a document containing an explanation of the fact that the tax being imposed under foreign laws or regulations for which the application of the provisions of Article 81-15, paragraph (1) of the Act is sought falls under the category of the foreign corporation tax prescribed in the same paragraph (hereinafter referred to as the "foreign corporation tax" in this paragraph) and containing details on the calculation of the individually creditable amount of foreign corporation tax as prescribed in paragraph (1) of the same Article (hereinafter referred to as the "individually creditable amount of foreign corporation tax" in this Article and the following Article);
- (ii) where the provisions of Article 81-15, paragraph (8) of the Act are applied (excluding the case prescribed in the following item), a document containing, with regard to the amount of foreign corporation tax that has been reduced in the relevant business year, the amount that was reduced and the day of the reduction, as well as an explanation of the fact that the amount of foreign corporation tax has been used as the basis for calculating the amount that should be credited under the provisions of paragraphs (1) to (3) of the same Article or Article 69, paragraphs (1) to (3) of the Act (Foreign Tax Credit) in the consolidated business years or business years preceding the relevant business year, and containing details on the calculation of the amount of individually reduced creditable foreign corporation tax as prescribed in Article 155-35, paragraph (1) (Special Provisions where Foreign Corporation Tax Has Been Reduced in a Consolidated Business Year) of the Order (referred to as the "amount of individually reduced creditable foreign corporation tax" in the following item);
- (iii) where the provisions of Article 155-35, paragraph (4) of the Order are applied (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (5) of the same Article) to the amount of individually reduced creditable foreign corporation tax that has arisen for the merged corporation, etc. prescribed in Article 81-15, paragraph (5) of the Act (hereinafter referred to as the "merged corporation, etc." in this item) in the qualified organizational restructuring prescribed in the same paragraph, a document containing, with regard to the amount of foreign corporation tax that has been reduced in any of the consolidated business years preceding or including the business year containing the day preceding that of the qualified merger or qualified company split of the merged corporation, etc. or the consolidated business years preceding the business year containing the day of the qualified spin-off-type company split, etc. (meaning a qualified spin-off-type company split, etc. as prescribed in Article 81-15, paragraph (5), item (iii) of the Act; hereinafter the same applies in

- this item) (hereinafter that consolidated business year is referred to as the "consolidated business year preceding the qualified organizational restructuring" in this item), or in any of the business years preceding or including the business year containing the day preceding that of the qualified merger or qualified company split of the merged corporation, etc. or the business years preceding the business year containing the day of the qualified spin-off-type company split, etc. (hereinafter that business year is referred to as the "business year preceding the qualified organizational restructuring" in this item), the amount that was reduced and the day of the reduction, as well as an explanation of the fact that the amount of the foreign corporation tax has been used as the basis for calculating the amount to be credited under the provisions of Article 81-15, paragraphs (1) to (3) or Article 69, paragraphs (1) to (3) of the Act in the consolidated business year preceding the qualified organizational restructuring or the business year preceding the qualified organizational restructuring of the merged corporation, etc., and containing details on the calculation of the amount of individually reduced creditable foreign corporation tax;
- (iv) where seeking application of the provisions of Article 68-91, paragraph (1) (Foreign Tax Credit for the Individually Taxable Amount of a Consolidated Corporation's Specified Foreign Subsidiary Company, etc.) of the Act on Special Measures Concerning Taxation (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article; hereinafter the same applies in this item and the following item), a document containing an explanation of the fact that the tax being imposed under foreign laws or regulations for which the application of the provisions of paragraph (1) of the same Article is sought falls under the category of a foreign corporation tax, and containing details on the calculation of the amount that is deemed to be the individually creditable amount of foreign corporation tax as prescribed in the same paragraph;
- (v) where the provisions of Article 68-91, paragraph (1) or Article 66-7, paragraph (1) (Foreign Tax Credit for the Taxable Amount of a Domestic Corporation's Specified Foreign Subsidiary Company, etc. of the Act on Special Measures Concerning Taxation) were applied (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article) in any consolidated business year or business year starting within seven years preceding the first day of the relevant consolidated business year, if any amount of foreign corporation tax to be imposed on the specified foreign subsidiary company, etc. (meaning a specified foreign subsidiary company, etc. as prescribed in Article 68-90, paragraph (1) (Inclusion of the Individually Taxable Amount of a Consolidated Corporation's Specified Foreign Subsidiary Company, etc. in

Gross Income) or Article 66-6, paragraph (1) (Inclusion of the Taxable Amount of a Domestic Corporation's Specified Foreign Subsidiary Company, etc. in Gross Income) of the same Act) pertaining to the application was reduced in the relevant consolidated business year, a document containing, with regard to the amount of foreign corporation tax, the amount that was reduced and the day of the reduction, and containing details on the calculation of the amount that is deemed to have been reduced under the provisions of Article 39-118, paragraph (5) or paragraph (6) (Special Provisions where Foreign Corporation Tax on the Individually Taxable Amount of a Specified Foreign Subsidiary Company, etc. Has Been Reduced) of the Order for Enforcement of the Act on Special Measures Concerning Taxation;

- (vi) where seeking application of the provisions of Article 68-93-3, paragraph (1) (Foreign Tax Credit for the Individually Taxable Amount of the Specified Foreign Corporation of a Consolidated Corporation That Is a Specially-Related Shareholder, etc.) of the Act on Special Measures Concerning Taxation (including where these provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article; hereinafter the same applies in this item and the following item), a document containing an explanation of the fact that the tax to be imposed under foreign laws or regulations for which the application of the provisions of paragraph (1) of the same Article is sought falls under the category of a foreign corporation tax, and containing details on the calculation of the amount that is deemed to be the individually creditable amount of foreign corporation tax prescribed in the same paragraph;
- (vii) where the provisions of Article 68-93-3, paragraph (1) or Article 66-9-3, paragraph (1) (Foreign Tax Credit for the Taxable Amount of the Specified Foreign Corporation of a Domestic Corporation That Is a Specially-Related Shareholder, etc.) of the Act on Special Measures Concerning Taxation (including where the provisions are applied by deeming the amounts to be as prescribed in paragraph (2) of the same Article) were applied in any consolidated business year or business year starting within seven years preceding the first day of the relevant consolidated business year, if any amount of foreign corporation tax to be imposed on the income of the specified foreign corporation (meaning a specified foreign corporation as prescribed in Article 68-93-2, paragraph (1) (Inclusion of the Individually Taxable Amount of the Specified Foreign Corporation of a Consolidated Corporation That Is a Specially-Related Shareholder, etc. in Gross Income) or Article 66-9-2, paragraph (1) (Inclusion of the Taxable Amount of the Specified Foreign Corporation of a Domestic Corporation That Is a Specially-Related Shareholder, etc. in Gross Income) of the same Act) related to the

application was reduced in the relevant consolidated business year, a document containing, with regard to the amount of foreign corporation tax, the amount that was reduced and the day of the reduction, and containing details on the calculation of the amount that is deemed to have been reduced under the provisions of Article 39-118, paragraph (5) or paragraph (6) of the Order for Enforcement of the Act on Special Measures Concerning Taxation that are to be applicable pursuant to the provisions of Article 39-120-6, paragraph (2) (Calculation of Foreign Corporation Tax on the Individually Taxable Amount of a Specified Foreign Corporation, etc.) of the same Order;

(viii) a copy of the return for the tax prescribed in item (iv) or item (vi) that certifies that the tax has been imposed, or any alternative document related to the tax, and, if the tax has already been paid, a document certifying the payment.

(2) The documents certifying that the individually creditable amount of foreign corporation tax has been imposed and other documents specified by Ministry of Finance Order prescribed in Article 81-15, paragraph (9) of the Act are the following:

- (i) a copy of the return for the tax prescribed in item (i) of the preceding paragraph that certifies that the tax has been imposed, or any alternative document related to the tax, and, if the tax has already been paid, a document certifying the payment, as well as a document certifying the fact that the tax falls under the individually creditable amount of foreign corporation tax and that the individually creditable amount of foreign corporation tax has been imposed;
- (ii) where seeking application of the provisions of the proviso to Article 9-7, paragraph (4) (Limit on the Creditable Amount of Prefectural Inhabitants Tax) or the proviso to Article 48-13, paragraph (5) (Limit on the Creditable Amount of Municipal Inhabitants Tax) of the Order for Enforcement of the Local Tax Act (including where applied *mutatis mutandis* pursuant to Article 57-2 (Application *Mutatis Mutandis* of Provisions Concerning Corporations' Municipal Inhabitants Tax, etc. to Tokyo) of the same Order), a copy of the return for the local tax that certifies the basis for calculating the limits on the amounts under these provisions, or any alternative document.

(Documents for Receiving Foreign Tax Credit through Carry Forward or Carry Back)

Article 37-7 (1) The documents containing matters that should be the basis for calculating the limit on an individual amount of carry forward credit or the individual amount of foreign corporation tax subject to a carry forward credit and other documents specified by Ministry of Finance Order, prescribed in Article 81-15, paragraph (10) (Foreign Tax Credits in Consolidated Business

Years) of the Act, are the following:

- (i) a document containing matters that should be the basis for calculating the limit on an individual amount of carry forward credit (meaning the limit on an individual amount of carry forward credit as prescribed in Article 81-15, paragraph (2) of the Act) or the individual amount of foreign corporation tax subject to a carry forward credit (meaning the individual amount of foreign corporation tax subject to a carry forward credit as prescribed in paragraph (3) of the same Article);
 - (ii) documents equivalent to those listed in the items of paragraph (1) of the preceding Article where seeking application of the provisions of Article 81-15, paragraph (2) of the Act when there is no amount that should be credited under the provisions of paragraph (1) of the same Article.
- (2) The documents certifying the imposition of the individually creditable amount of foreign corporation tax and other documents as specified by Ministry of Finance Order prescribed in Article 81-15, paragraph (10) of the Act are the following:
- (i) a document equivalent to that listed in paragraph (2), item (i) of the preceding Article where seeking application of the provisions of Article 81-15, paragraph (2) of the Act when there is no amount that should be credited under the provisions of paragraph (1) of the same Article;
 - (ii) a document certifying that the individually creditable amount of foreign corporation tax related to the amount that should be credited under the provisions of Article 81-15, paragraph (3) of the Act has been imposed.

Part III Foreign Companies' Corporation Tax

Chapter I Corporation Tax on Income for Each Business Year

(Scope of Shares Similar to Real Estate-Related Corporations' Listed Shares)

Article 60-3 Shares specified by Ministry of Finance Order as being similar to shares or capital contributions listed on a financial instruments exchange, prescribed in Article 187, paragraph (9), item (i) (Taxable Income of Foreign Corporations Without Permanent Establishments) of the Order, are as follows:

- (i) shares that have been registered as issues registered for over-the-counter trading (meaning shares (including capital contributions; hereinafter the same applies in this Article) that an authorized financial instruments firms association as prescribed in Article 2, paragraph (13) (Definitions) of the Financial Instruments and Exchange Act (referred to as an "authorized financial instruments firms association" in the following item) has registered, in accordance with the rules it has set forth, as shares whose sales prices for over-the-counter trading will be publicized and for which materials concerning the issuing corporation thereof will be open to the public);

- (ii) shares of over-the-counter managed issues (meaning shares that have been delisted from a financial instruments exchange as prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act or whose registration as issues registered for over-the-counter trading as prescribed in the preceding item has been canceled, and that have been designated by an authorized financial instruments firms association in accordance with the rules it has set forth);
- (iii) shares traded on a foreign financial instruments market as prescribed in Article 2, paragraph (8), item (iii), (b) of the Financial Instruments and Exchange Act.

(Matters for Entry in Documents to Be Submitted After Being Delivered the Parent Corporation's Shares Managed in a Domestic Business)

- Article 60-4 (1) Matters specified by Ministry of Finance Order prescribed in Article 188, paragraph (5) (Calculation of the Amount of Foreign Corporations' Income Categorized as Domestic Source Income) of the Order are the following matters regarding the parent corporation's shares managed in a domestic business (meaning a parent corporation's shares managed in a domestic business as prescribed in paragraph (7) of the same Article; hereinafter the same applies in this Article) that the foreign corporation has been delivered:
- (i) the name of the foreign corporation that has been delivered the shares, its place of tax payment, the name of its representative, and the name of a person responsible for the operation or management of its business in Japan or its assets in Japan;
 - (ii) whether it was a merger, split-off-type company split, or share exchange that caused the delivery of the shares;
 - (iii) the day on which the foreign corporation was delivered the shares;
 - (iv) the name of the issue of the parent corporation's shares managed in a domestic business that the foreign corporation has been delivered, and the number thereof (for capital contributions, the amount thereof; hereinafter the same applies in this Article);
 - (v) the name of the issue of the parent corporation's shares managed in a domestic business that the foreign corporation holds as of the end of the business year containing the day on which the shares were delivered, and the number thereof;
 - (vi) other matters for reference.
- (2) Matters specified by Ministry of Finance Order prescribed in Article 188, paragraph (6) of the Order are the following matters regarding the parent corporation's shares managed in a domestic business whose number has increased or decreased:
- (i) the name of the foreign corporation that held the parent corporation's

- shares managed in a domestic business whose number has increased or decreased, its place of tax payment, the name of its representative, and the name of a person responsible for the operation or management of its business in Japan or its assets in Japan;
- (ii) the name of the issue of the parent corporation's shares managed in a domestic business whose number has increased or decreased and the number thereof, the date of the increase or decrease, and the fact that caused the increase or decrease;
- (iii) the name of the issue of the parent corporation's shares managed in a domestic business that the foreign corporation holds as of the end of the business year containing the date of the increase or decrease, and the number thereof;
- (iv) other matters for reference.

(Filing of Returns, Payment and Refunds Regarding Corporation Tax on Income for Each Business Year)

Article 61 (1) With regard to matters related to the application of the provisions of Part II, Chapter I, Section 3 (Filing of Returns, Payment and Refunds of Corporation Tax on Domestic Corporations' Income for Each Business Year) of the Act as applied mutatis mutandis pursuant to Article 145, paragraph (1) (Application Mutatis Mutandis to Foreign Corporations) of the Act, the provisions of Chapter I, Section 3 of the preceding Part (Filing of Returns, Payment and Refunds of Corporation Tax on Domestic Corporations' Income for Each Business Year) apply mutatis mutandis. In this case, the term "The name of its representative" in Article 31, paragraph (1), item (ii) (Matters for Entry in an Interim Return), Article 32, paragraph (1), item (ii) (Matters for Entry in an Interim Return in the Case of a Provisional Settlement of Accounts), Article 34, paragraph (1), item (ii) (Matters for Entry in a Tax Return), Article 36, item (ii) (Matters for Entry in an Application Form for Extending the Due Date for Filing a Tax Return), Article 36-2, item (ii) (Matters for Entry in an Application Form under the Special Provisions on Extending the Due Date for Filing a Tax Return), Article 36-3, item (ii) (Matters for Entry in a Written Notice for Cancellation of the Special Provisions on Extending the Due Date for Filing a Tax Return), and Article 36-4, item (ii) (Matters for Entry in a Claim Form for a Refund by a Carry Back of Losses) is deemed to be replaced with "The name of its representative and the name of a person responsible for the operation or management of its business in Japan or its assets in Japan"; and the term "statement classified by account title" in Article 33, item (ii) (Documents to Be Attached to Interim Return With a Provisional Settlement of Accounts) and Article 35, item (iii) (Documents to Be Attached to Tax Return) is deemed to be replaced with "statement classified by account title (limited to

the part concerning the calculation of the amount of income categorized as domestic source income prescribed in Article 142 (Calculation of the Amount of Income Categorized as Domestic Source Income) of the Act)".

- (2) An interim return or tax return filed by a foreign corporation, for which the matters listed in the items of Article 72, paragraph (1) (Matters for Entry in an Interim Return for a Provisional Settlement of Accounts, etc.) of the Act as applied mutatis mutandis pursuant to Article 145, paragraph (1) of the Act have been entered, must have the following documents attached thereto (where the following documents have been prepared in the form of electronic or magnetic records (meaning records made by an electronic method, a magnetic method, or any other method not recognizable to human senses, which is used for information processing by computer; hereinafter the same applies in this paragraph) or where electronic or magnetic records containing the information to be entered in the following documents have been prepared in lieu those documents, documents containing the details of the information recorded in the electronic or magnetic records), in addition to documents prescribed in Article 72, paragraph (2) or Article 74, paragraph (2) (Documents to Be Attached to a Tax Return) of the Act as applied mutatis mutandis pursuant to Article 145, paragraph (1) of the Act and in Article 33 or Article 35 as applied mutatis mutandis pursuant to the preceding paragraph; provided, however, that where a foreign corporation files an interim return under Article 72, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 145, paragraph (1) of the Act, documents listed in item (ii) need not be attached:
- (i) the balance sheet and profit and loss statement for the business year, concerning the foreign corporation's business in Japan or assets in Japan, and a statement classified by account title for these documents;
 - (ii) documents related to the outline of the foreign corporation's business in Japan;
 - (iii) where the amount of profit or the amount of expenses or loss for the foreign corporation's business both in and outside Japan is allocated as an amount to be included in gross income or tax deductibles, when calculating the amount of income categorized as domestic source income prescribed in Article 142 of the Act for the business year, the statement showing the amount of profit or the amount of expenses or loss, the basis of the calculation concerning the allocation thereof, and other matters for reference.

Chapter II Corporation Tax on Retirement Pension Funds

(Matters for Entry in Interim Returns and Tax Returns for Retirement Pension Funds)

Article 61-2 The provisions of Article 40 (Matters for Entry in Interim Returns

for Retirement Pension Funds) and Article 41 (Matters for Entry in Tax Returns for Retirement Pension Funds) apply mutatis mutandis to where the provisions of Part II, Chapter II, Section 3 (Filing of Returns and Payment of a Domestic Corporation's Corporation Tax on Retirement Pension Funds) of the Act apply, as applied mutatis mutandis pursuant to Article 145-5 (Filing of Returns and Payment) of the Act. In this case, the term "The name of its representative" in Article 40, paragraph (1), item (ii) and Article 41, paragraph (1), item (ii) is deemed to be replaced with "The name of its representative and the name of a person responsible for the operation or management of its business in Japan or its assets in Japan".

Chapter III Blue Returns

(Blue Returns)

Article 62 With regard to matters concerning the application of the provisions of Part II, Chapter IV (Blue Returns for Domestic Corporations) of the Act as applied mutatis mutandis pursuant to Article 146, paragraph (1) (Application Mutatis Mutandis to Foreign Corporations) of the Act, the provisions of Chapter IV of the preceding Part (Blue Returns for Domestic Corporations) apply mutatis mutandis. In this case, each of the terms listed in the middle column of the following table in the provisions listed in the left-hand column of the same table is deemed to be replaced with the relevant terms listed in the right-hand column of the same table.

Article 52, item (ii) (Matters for Entry in an Application Form for Approval to File a Blue Return)	The name of its representative	The name of its representative and the name of a person responsible for the operation or management of its business in Japan or its assets in Japan
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Article 52, item (vi)	the day on which an ordinary corporation or cooperative, etc., which is a domestic corporation, was established	the day on which an ordinary corporation that falls under the category of foreign corporations listed in Article 141, items (i) to (iii) (Tax Base for a Foreign Corporation's Corporation Tax) of the Act came to fall under any of the categories of foreign corporations listed in these items, the day on which an ordinary corporation that falls under the category of foreign corporations listed in Article 141, item (iv) commenced a business prescribed in Article 138, item (ii) (Consideration in a Business that Provides Personal Services) of the Act in Japan, or the day on which the ordinary corporation came to acquire domestic source income listed in Article 141, item (iv) of the Act other than the consideration listed in Article 138, item (ii) of the Act,
	commenced a profit-making enterprise	came to acquire domestic source income listed in the items of Article 141 of the Act for the category of foreign corporations listed in the relevant item, which has arisen from a profit-making enterprise
Article 53 (Settlement of Corporations Filing Blue Returns)	its assets	its assets related to income categorized as domestic source income prescribed in Article 142 (Calculation of the Amount of Income Categorized as Domestic Source Income) of the Act (hereinafter referred to as "income categorized as domestic source income" in this Chapter)
Article 54 (Books Concerning Transactions and Matters for Entry)	all transactions	all transactions influencing income categorized as domestic source income
Article 57 (Balance Sheet and Profit and Loss Statement)	a balance sheet and profit and loss statement	a balance sheet and profit and loss statement for its business in Japan or its assets in Japan (for a corporation filing a blue return that conducts a business both in and outside Japan, the balance sheet and profit and loss statement and a balance sheet and profit and loss statement for the entirety of its business)

Article 59, paragraph (1) (Organization and Preservation of Books and Documents)	(for the documents listed in item (iii), they must be preserved at the place of tax payment or the location of the office, place of business, or any place equivalent thereto within the area where laws related to the transactions set forth in the same item are enforced)	(for the documents listed in item (iii) of the same paragraph that it is found reasonable to preserve at the office, place of business, or any place equivalent thereto (hereinafter referred to as the "office, etc." in this paragraph) for the transactions set forth in the same item, in light of the contents and actual conditions, etc. of the business conducted by the corporation filing a blue return, they must be preserved at the location of the office, etc. for the transactions) for seven years. In this case, those books and documents listed in item (i) or item (ii) for which there are found to be reasonable grounds that make it difficult to preserve them at the place of tax payment, the books or documents are deemed to be preserved at the place of tax payment by preserving copies of the books or documents at the place of tax payment
Article 59, paragraph (1), item (i)	assets	assets related to income categorized as domestic source income
Article 59, paragraph (1), item (ii)	balance sheet, profit and loss statement	balance sheet and profit and loss statement for its business in Japan or its assets in Japan (for a corporation filing a blue return that conducts a business both in and outside Japan, the balance sheet and profit and loss statement and a balance sheet and profit and loss statement for the entirety of its business)
	other documents prepared for the settlement	any other documents prepared for the settlement that influence income categorized as domestic source income
Article 59, paragraph (1), item (iii)	transactions	all transactions influencing income categorized as domestic source income
Article 60, item (ii) (Matters for Entry in a Written Notice for the Cancellation of a Blue Return)	The name of its representative	The name of its representative and the name of a person responsible for the operation or management of its business in Japan or its assets in Japan

Part IV Miscellaneous Provisions

(Documents to Be Attached Upon Notification about Having Become an Ordinary Foreign Corporation)

Article 64 The documents specified by Ministry of Finance Order prescribed in Article 149, paragraph (1) (Notification About Having Become an Ordinary Foreign Corporation) of the Act are those listed in the following items (where the following documents have been prepared in the form of electronic or magnetic records, or where electronic or magnetic records containing the information to be entered in the following documents have been prepared in lieu of those documents, documents containing the details of the information recorded in the electronic or magnetic records):

- (i) the balance sheet as of the time that the relevant Ordinary Foreign Corporation came to fall under the category, the time of the commencement, or the time of the acquisition prescribed in Article 149, paragraph (1) of the Act;
- (ii) Japanese translations of the articles of incorporation, articles of endowment, rules, constitution, or any equivalent thereto;
- (iii) where the office, place of business, or any equivalent thereto in Japan has been registered, the certificate of its registered matters;
- (iv) a document containing the name and location of the office, place of business, or any equivalent thereto in Japan;
- (v) the balance sheet and inventory of assets pertaining to the business conducted in Japan or assets within Japan as of the time that the relevant Ordinary Foreign Corporation came to fall under the category, the time of the commencement, or the time of the acquisition prescribed in Article 149, paragraph (1) of the Act;
- (vi) a document containing an outline of the business conducted in Japan.

(Documents to Be Attached to a Written Notification of the Commencement of a Profit-Making Enterprise)

Article 65 (1) The documents specified by Ministry of Finance Order prescribed in Article 150, paragraph (1) (Notification of the Commencement, etc. of a Profit-Making Enterprise by an Association or Foundation Without Juridical Personality) of the Act are those listed in the following items (where the following documents have been prepared in the form of electronic or magnetic records, or where electronic or magnetic records containing the information to be entered in the following documents have been prepared in lieu of those documents, documents containing the details of the information recorded in the electronic or magnetic records):

- (i) the balance sheet pertaining to the profit-making enterprise as of the time of commencement as prescribed in Article 150, paragraph (1) of the Act;

- (ii) a copy of the articles of incorporation, articles of endowment, rules, constitution, or the equivalent thereto;
 - (iii) in the case of a public interest corporation, etc. as prescribed in Article 150, paragraph (1) of the Act, the certificate of registered matters of the public interest corporation, etc.;
 - (iv) a document containing the name and location of the venue of the profit-making enterprise, the name of the person responsible for the management of the profit-making enterprise, and other outlines of the profit-making enterprise;
 - (v) if the public interest corporation, etc. prescribed in Article 150, paragraph (1) of the Act has been incorporated as a result of a merger, and the corporation commenced the profit-making enterprise at the time of the incorporation, a document containing the name and the place of tax payment of the merged corporation involved in the merger (where the place of tax payment differs from the location of the head office or principal office, both the place of tax payment and the location of the head office or principal office).
- (2) The documents specified by Ministry of Finance Order, prescribed in Article 150, paragraph (2) of the Act, are those listed in the following items (where the following documents have been prepared in the form of electronic or magnetic records, or where electronic or magnetic records containing the information to be entered in the following documents have been prepared in lieu of those documents, documents containing the details of the information recorded in the electronic or magnetic records):
- (i) the balance sheet as of the time that the relevant party came to fall under the category prescribed in Article 150, paragraph (2) of the Act;
 - (ii) a copy of the articles of incorporation, articles of endowment, rules, constitution, or any equivalent thereto;
 - (iii) the certificate of registered matters of the public interest corporation, etc. prescribed in Article 150, paragraph (2) of the Act which has come to fall under the category of an ordinary corporation or cooperative, etc.
- (3) The documents specified by Ministry of Finance Order, prescribed in Article 150, paragraph (3) of the Act, are those listed in the following items (where the following documents have been prepared in the form of electronic or magnetic records, or where electronic or magnetic records containing the information to be entered in the following documents have been prepared in lieu of those documents, documents containing the details of the information recorded in the electronic or magnetic records):
- (i) the balance sheet pertaining to the profit-making enterprise as of the time of the acquisition prescribed in Article 150, paragraph (3) of the Act;
 - (ii) a document containing the name and location of the office, place of business,

or any equivalent thereto in Japan, and a document containing the name of the person responsible for the management of the profit-making enterprise, and other outlines of the profit-making enterprise.

(Books on Transactions and Matters for Entry Therein)

- Article 66 (1) An ordinary corporation, etc. as prescribed in Article 150-2, paragraph (1) (Maintenance of Books and Documents, etc.) of the Act (referred to as an "ordinary corporation, etc." in paragraph (2) of the following Article) must maintain a cashbook and other necessary books, record therein matters related to its transactions (for a public interest corporation, etc. or an association or foundation without juridical personality that is a domestic corporation, matters related to the transactions of the profit-making enterprise in which it is engaged, and for a foreign corporation, matters related to transactions that influence the income categorized as its domestic source income as prescribed in Article 142 (Calculation of the Amount of Income Categorized as Domestic Source Income) of the Act (for an association or foundation without juridical personality, the income is limited to that arising from a profit-making enterprise in which it is engaged in Japan)) in an orderly and clear manner, and settle accounts based on the records.
- (2) The simple methods specified by Ministry of Finance Order, prescribed in Article 150-2, paragraph (1) of the Act, are to be the methods specified in the recording methods column in Appended Table 23, in accordance with the categories of matters listed in the classified columns in the same table.

(Organization and Preservation of Books and Documents)

- Article 67 (1) The documents specified by Ministry of Finance Order prescribed in Article 150-2, paragraph (1) (Maintenance of Books and Documents, etc.) of the Act are the following:
- (i) if there are copies of order forms, written contracts, invoices, bills of receipt, written estimates, and other documents equivalent thereto that have been received from transaction partners, and documents prepared by the ordinary corporation, etc. itself with regard to the transactions prescribed in paragraph (1) of the preceding Article, those copies;
 - (ii) inventory sheets, balance sheets, profit and loss statements, and any other documents prepared in relation to the settlement of accounts.
- (2) An ordinary corporation, etc. must organize the books prescribed in paragraph (1) of the preceding Article and the documents listed in the items of the preceding paragraph, and preserve them at the place of tax payment (for the documents listed in item (i) of the same paragraph, they must be preserved at the place of tax payment or the location of the office, place of business, or any place equivalent thereto within the area where laws related to the

transactions set forth in the same item are enforced) for seven years.

- (3) The provisions of Article 59, paragraph (2) (Organization and Preservation of Books and Documents) apply mutatis mutandis to the period set forth in the preceding paragraph, and the provisions of paragraph (3) and paragraph (4) of the same Article apply mutatis mutandis to preservation under the provisions of the preceding paragraph. In this case, the term "preceding paragraph" in paragraph (2) of the same Article is deemed to be replaced with "Article 67, paragraph (2)", the phrases "books and documents listed in the items of paragraph (1)" and "paragraph (1), item (iii)" in paragraph (3) of the same Article are deemed to be replaced with "books and documents prescribed in Article 67, paragraph (2)" and "Article 67, paragraph (1), item (i)", respectively, and the phrases "paragraph (1), item (iii)", "matters to be specified in Appended Table 21", and "matters to be entered" in paragraph (4) of the same Article are deemed to be replaced with "Article 67, paragraph (1), item (i)", "matters listed in the classified columns of Appended Table 23", and "matters", respectively.
- (4) With regard to application of the provisions of the preceding three paragraphs to foreign corporations, the phrases "balance sheets, profit and loss statements" and "documents" in paragraph (1), item (ii) are deemed to be replaced with "balance sheets and profit and loss statements pertaining to business conducted in Japan or the assets within Japan (for a foreign corporation which conducts business both in and outside Japan, the balance sheets and profit and loss statements as well as balance sheets and profit and loss statements for that business as a whole)" and "documents that influence the income categorized as domestic source income", respectively; and the phrases "ordinary corporation, etc." and "for the documents listed in item (i) of the same paragraph, they must be preserved at the place of tax payment or the location of the office, place of business, or any place equivalent thereto within the area where laws related to the transactions set forth in the same item are enforced) for seven years" in paragraph (2) are deemed to be replaced with "foreign corporation" and "for the documents listed in item (i) of the same paragraph which it is found reasonable to preserve at the office, place of business, or any place equivalent thereto (hereinafter referred to as the "office, etc." in this paragraph) for the transactions set forth in the same item, in light of the contents and actual conditions, etc. of the business conducted by the foreign corporation, they must be preserved at the location of the office, etc. pertaining to the transactions) for seven years. In this case, the books prescribed in paragraph (1) of the preceding Article or the documents listed in item (ii) of the preceding paragraph for which there are found to be reasonable grounds that make it difficult to preserve them at the place of tax payment, the books or documents are deemed to be preserved at the place of tax payment by

preserving copies of the books or documents at the place of tax payment" respectively.