

# **Regulation for Enforcement of the Act on Special Measures Concerning Taxation (Limited to the provisions related to nonresidents and foreign corporations)**

(Order of the Ministry of Finance No. 15 of March 31, 1957)

## **Chapter II Special Provisions on the Income Tax Act**

(Special Provisions on Taxation on the Interest from Book-Entry National Government Bonds)

Article 3-18 (1) The person specified by Ministry of Finance Order, prescribed in Article 5-2, paragraph (1), item (i), (a) of the Act, is any of the following persons, and the place specified by Ministry of Finance Order, prescribed in Article 5-2, paragraph (1), item (i), (b) of the Act, is any of the places specified in the following items for the categories of persons listed in the respective items:

- (i) a nonresident who has a residence in Japan: the nonresident's place of residence;
  - (ii) any of the nonresidents listed in Article 164, paragraph (1), items (i) to (iii) of the Income Tax Act (excluding the one listed in the preceding item): The location of the nonresident's office, place of business, or any other equivalent place pertaining to the business conducted thereby in Japan (in the case where there are two or more of those places, the principal one);
  - (iii) a nonresident listed in Article 164, paragraph (1), item (iv) of the Income Tax Act (excluding the one listed in item (i)): the nonresident's place of domicile or place of residence located outside Japan;
  - (iv) any of the foreign corporations listed in Article 141, items (i) to (iii) of the Corporation Tax Act (Act No. 34 of 1965): The location of the foreign corporation's office, place of business or any other equivalent place prescribed in Article 17, item (i) of the same Act (in a case where there are two or more of those places, the principal one; in a case where the foreign corporation has registered under the provisions of Article 933, paragraph (1) of the Companies Act (Act No. 86 of 2005) or Article 37, paragraph (1) of the Civil Code (Act No. 89 of 1896), its office, place of business or any other equivalent place thus registered).
- (2) The matters specified by Ministry of Finance Order which should be stated in the written application for a tax exemption on book-entry national government bonds as prescribed in Article 5-2, paragraph (1), item (i), (a) of the Act (hereinafter referred to as the "written application for a tax exemption on book-

entry national government bonds" in this Article) and the written application for a tax exemption on book-entry local government bonds prescribed in item (ii), (a) of the same paragraph (referred to as the "written application for a tax exemption on book-entry local government bonds" in this Article) are the following:

- (i) the name of the person who submits the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds (in a case where the person who submits the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds is the trustee of a qualified foreign securities investment trust prescribed in Article 5-2, paragraph (2) of the Act (hereinafter referred to as a "qualified foreign securities investment trust" in this Article), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted) and the domicile of the person (in a case where the person who submits the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds is any of the persons listed in the items of the preceding paragraph, the place specified in those items for the categories of persons listed in the respective items; hereinafter referred to as the "domicile, etc." in this Article);
- (ii) a statement to the effect that application of the provisions of Article 5-2, paragraph (1) of the Act is sought in terms of interest on book-entry national government bonds prescribed in Article 5-2, paragraph (1) of the Act (hereinafter referred to as "book-entry national government bonds" in this Article) or book-entry local government bonds prescribed in Article 5-2, paragraph (1) of the Act (hereinafter referred to as "book-entry local government bonds" in this Article) for which entries or records under the book-entry system prescribed in Article 5-2, paragraph (5), item (vi) of the Act (hereinafter referred to as "entries or records under the book-entry system" in this Article) have been made through the specified book-entry institution, etc. prescribed in Article 5-2, paragraph (1) of the Act (hereinafter referred to as a "specified book-entry institution, etc." in this Article) or qualified foreign intermediary prescribed in Article 5-2, paragraph (5), item (iv) of the Act (hereinafter referred to as a "qualified foreign intermediary" in this Article) to which the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds is submitted;
- (iii) the name and location of the business office, etc. (meaning the business office, etc. prescribed in Article 5-2, paragraph (1) of the Act; hereinafter the same applies in this Article) of the specified book-entry institution, etc. prescribed in the preceding item, or of the specified overseas business office,

- etc. (meaning the specified overseas business office, etc. prescribed in Article 5-2, paragraph (5), item (v) of the Act; hereinafter the same applies in this Article) of the qualified foreign intermediary prescribed in the same item;
- (iv) where the person who submits the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds is any of the nonresidents listed in item (i) or item (ii) of the preceding paragraph, the nonresident's place of domicile or place of residence located outside Japan;
  - (v) where the person who submits the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds is a foreign corporation listed in item (iv) of the preceding paragraph, the location of the foreign corporation's head office or principal office located outside Japan;
  - (vi) where the person who submits the written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds has made a notification of the person's tax agent under the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes (Act No. 66 of 1962), the name and domicile of the tax agent (in the case where the tax agent does not have domicile in Japan, the residence of the tax agent; the same applies in item (vi) of the following paragraph, paragraph (4), item (vi) and paragraph (8), item (v));
  - (vii) other matters for reference.
- (3) The matters specified by Ministry of Finance Order which should be stated in the document prescribed in Article 3, paragraph (3) and paragraph (5) of the Order for Enforcement are the following:
- (i) the name and location of the business office, etc. of the specified book-entry institution, etc. which submits the document on special measures for book-entry national government bonds prescribed in Article 3, paragraph (3) of the Order for Enforcement or the document on special measures for book-entry local government bonds prescribed in paragraph (5) of the same Article;
  - (ii) the name of the nonresident or foreign corporation that is to be deemed, pursuant to the provisions of Article 3, paragraph (3) or paragraph (5) of the Order for Enforcement, to have submitted a written application for a tax exemption on book-entry national government bonds or a written application for a tax exemption on book-entry local government bonds (in the case where the nonresident or foreign corporation that is to be deemed to have submitted a written application for a tax exemption on book-entry national government bonds or a written application for a tax exemption on book-entry local government bonds is the trustee of a qualified foreign securities investment trust, the name of the trustee and the name of each qualified foreign

- securities investment trust that the trustee has accepted), and the domicile, etc. of the nonresident or foreign corporation;
- (iii) where the confirmation for book-entry local government bonds or confirmation for short-term government bonds, etc. prescribed in Article 3, paragraph (3) of the Order for Enforcement or the confirmation for other book-entry local government bonds, confirmation for interest-bearing book-entry national government bonds, or confirmation for short-term national government bonds, etc. prescribed in paragraph (5) of the same Article, any of which pertain to the nonresident or foreign corporation prescribed in the preceding item, is provided by the head of the specified overseas business office, etc. of a qualified foreign intermediary, the name and location of the specified overseas business office, etc.;
  - (iv) where the nonresident prescribed in item (ii) is any of the nonresidents listed in paragraph (1), item (i) or item (ii), the nonresident's place of domicile or place of residence located outside Japan;
  - (v) where the foreign corporation prescribed in item (ii) is a foreign corporation listed in paragraph (1), item (iv), the location of the foreign corporation's head office or principal office located outside Japan;
  - (vi) where the nonresident or foreign corporation prescribed in item (ii) has made a notification of their tax agent under the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes, the name and domicile of the tax agent;
  - (vii) other matters for reference.
- (4) The matters specified by Ministry of Finance Order which should be stated in the statement of the holding period of book-entry national government bonds, prescribed in Article 5-2, paragraph (1), item (i), (b) of the Act (hereinafter referred to as the "statement of the holding period of book-entry national government bonds" in this paragraph to paragraph (7)), and the statement of the holding period of book-entry local government bonds prescribed in paragraph (1), item (ii), (b) of the same Article (hereinafter referred to as the "statement of the holding period of book-entry local government bonds" in this paragraph to paragraph (7)) are the following:
- (i) the name of the person who submits the statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds (in the case where the person who submits the statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted) and the domicile, etc. of the person;

- (ii) the name and location of the business office, etc. of the specified book-entry institution, etc. or the specified overseas business office, etc. of the qualified foreign intermediary to which the statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds is submitted;
- (iii) the issue of the book-entry national government bonds or book-entry local government bonds for which the person who submits the statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds has made entries or records under the book-entry system through the specified book-entry institution, etc. or the qualified foreign intermediary prescribed in the preceding item (those book-entry national government bonds are limited to those for which the person seeks application of the provisions of Article 5-2, paragraph (1) of the Act in terms of interest thereon, and hereinafter referred to as "applicable book-entry government bonds" in this paragraph, paragraph (6), and paragraph (7); those book-entry local government bonds are limited to those for which the person seeks application of the provisions of Article 5-2, paragraph (1) of the Act in terms of interest thereon, and referred to as "applicable book-entry local government bonds" in this paragraph, paragraph (6), and paragraph (7)) (the term "issue" as used herein means, with regard to book-entry national government bonds, the issue prescribed in Article 91, paragraph (3), item (ii) of the Act on Book Entry of Corporate Bonds and Shares (Act No. 75 of 2001), and with regard to book-entry local government bonds, the issue prescribed in Article 68, paragraph (3), item (ii) of the same Act as applied mutatis mutandis pursuant to Article 113 of the same Act; hereinafter the same applies in this Article);
- (iv) the holding period for the applicable book-entry national government bonds or applicable book-entry local government bonds held by the person who submits the statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds (the term "holding period" as used herein means a holding period as prescribed in Article 5-2, paragraph (1) of the Act; in the case where the first day of the holding period falls on or before the first day of the accounting period for interest on the applicable book-entry national government bonds or applicable book-entry local government bonds, that accounting period; the same applies in paragraph (6), item (iv), paragraph (7), item (iv), and paragraph (18), item (ii));
- (v) the date of payment of interest for each issue of the applicable book-entry national government bonds or applicable book-entry local government bonds, and the amount of the interest (limited to the amount for which the

- application of the provisions of Article 5-2, paragraph (1) of the Act is sought; the same applies in paragraph (6), item (v) and paragraph (7), item (v));
- (vi) where the person who submits the statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds has made the notification of the person's tax agent under the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes, the name and domicile of the tax agent;
- (vii) other matters for reference.
- (5) Matters specified by Ministry of Finance Order, prescribed in Article 3, paragraph (7) and paragraph (8) of the Order for Enforcement, which are stated in a statement of the holding period of book-entry national government bonds or book-entry local government bonds set forth in those provisions are [1] the name of the person who submits the statement of the holding period of book-entry national government bonds or book-entry local government bonds listed in item (i) of the preceding paragraph (in a case where the person who submits the statement of the holding period of book-entry national government bonds or book-entry local government bonds is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted) and the domicile, etc. of the person, [2] the the issue listed in item (iii) of the same paragraph, [3] the holding period listed in item (iv) of the same paragraph, and [4] the date of payment of interest and the amount of interest listed in item (v) of the same paragraph; and the matters specified by Ministry of Finance Order prescribed in Article 3, paragraph (7) and paragraph (8) of the Order for Enforcement which are entered or recorded in the books prescribed in these provisions are [1] the name of the person who has submitted the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds listed in paragraph (14), item (i) (in a case where the person who submits the statement of the holding period of book-entry national government bonds or book-entry local government bonds is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted) and the domicile, etc. of the person, [2] the issue listed in item (ii) of the same paragraph, [3] the period from the day on which entries or records under the book-entry system were made as listed in item (iii), (a) of the same paragraph (in a case where the provisions of Article 5-2, paragraph (15) or paragraph (16) of the Act apply to the book-entry national government bonds or book-entry book-entry local government bonds for which the entries or records under the book-entry system were made, the first day of the holding period listed in paragraph (14), item (v); in a case where either of these days falls on or before the first day of the accounting period for interest

on the book-entry national government bonds or book-entry local government bonds included in the statement of the holding period of book-entry national government bonds or book-entry local government bonds to which confirmation under the provisions of Article 3, paragraph (7) and paragraph (8) of the Order for Enforcement pertains, the first day of the accounting period), until the last day of the accounting period, and [4] the date of payment of interest and the amount of interest listed in paragraph (14), item (iv).

- (6) Matters specified by Ministry of Finance Order which should be stated in the document prescribed in Article 3, paragraph (9) and paragraph (11) of the Order for Enforcement are the following:
- (i) the name and location of the business office, etc. of the specified book-entry institution, etc. to which the document is submitted;
  - (ii) the name of the nonresident who or foreign corporation which is to be deemed, pursuant to the provisions of Article 3, paragraph (9) or paragraph (11) of the Order for Enforcement, to have submitted a statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds (in the case where the nonresident or foreign corporation that is to be deemed to have submitted a statement of the holding period of book-entry national government bonds or statement of the holding period of book-entry local government bonds is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted), and the domicile, etc. of the nonresident or foreign corporation;
  - (iii) the issue of the applicable book-entry national government bonds or applicable book-entry local government bonds for which the nonresident or foreign corporation prescribed in the preceding item has made entries or records under the book-entry system through the specified book-entry institution, etc. prescribed in item (i);
  - (iv) the holding period for the applicable book-entry national government bonds or applicable book-entry local government bonds prescribed in the preceding item which are held by the nonresident or foreign corporation prescribed in item (ii);
  - (v) the date of payment of interest for each issue of the applicable book-entry national government bonds or applicable book-entry local government bonds prescribed in item (iii), and the amount of interest;
  - (vi) other matters for reference.
- (7) The matters specified by Ministry of Finance Order which should be stated in the document prescribed in Article 3, paragraph (9) of the Order for Enforcement as applied mutatis mutandis pursuant to paragraph (10) of the same Article, and in paragraph (11) of the same Article as applied mutatis

- mutandis pursuant to paragraph (12) of the same Article, are the following:
- (i) the name and location of the specified overseas business office, etc. of the qualified foreign intermediary to which the document is submitted;
  - (ii) the name of the nonresident who or foreign corporation which is to be deemed, pursuant to the provisions of Article 3, paragraph (9) of the Order for Enforcement as applied mutatis mutandis pursuant to paragraph (10) of the same Article or the provisions of paragraph (11) of the same Article as applied mutatis mutandis pursuant to paragraph (12) of the same Article, to have submitted a written application for a tax exemption on book-entry national government bonds or a written application for a tax exemption on book-entry local government bonds (in the case where the nonresident or foreign corporation that is to be deemed to have submitted a written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted), and the domicile, etc. of the nonresident or foreign corporation;
  - (iii) the issue of the applicable book-entry national government bonds or applicable book-entry local government bonds for which the nonresident or foreign corporation prescribed in the preceding item has made entries or records under the book-entry system through the qualified foreign intermediary prescribed in item (i);
  - (iv) the holding period for the applicable book-entry national government bonds or applicable book-entry local government bonds prescribed in the preceding item which are held by the nonresident or foreign corporation prescribed in item (ii);
  - (v) the date of payment of interest for each issue of the applicable book-entry national government bonds or applicable book-entry local government bonds prescribed in item (iii), and the amount of interest;
  - (vi) other matters for reference.
- (8) The matters specified by Ministry of Finance Order which should be stated in the written application prescribed in Article 3, paragraph (14) of the Order for Enforcement are the following:
- (i) the location of the specified overseas business office, etc. of the person who submits the written application (limited to the specified overseas business office, etc. through which a nonresident or foreign corporation is to make entries or records under the book-entry system regarding book-entry national government bonds or book-entry local government bonds);
  - (ii) the name and location of the business office, etc. prescribed in Article 5-2, paragraph (14) of the Act of the person who submits the written application



- pertaining to the book-entry national government bonds or book-entry local government bonds prescribed in the preceding item;
- (iii) where a written application pertaining to book-entry local government bonds is submitted, the name of the person who pays interest on the book-entry local government bonds, and the location of the person's principal office;
  - (iv) where the person who submits the written application has a business office or other office or any other equivalent place in Japan, the location of the office or place;
  - (v) where the person who submits the written application has made the notification of its tax agent under the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes, the name and domicile of the tax agent (if the person has not made the notification, the name of the person similar to the tax agent and that person's domicile in Japan);
  - (vi) other matters for reference.
- (9) The document specified by Ministry of Finance Order, prescribed in Article 3, paragraph (14) of the Order for Enforcement, is the following:
- (i) a document by which the submitter thereof promises to submit, without delay upon a request for submission by the district director of the tax office, a document that is considered to be necessary for confirming whether the provisions of Article 5-2 of the Act are being properly applied;
  - (ii) a document by which the submitter thereof promises to provide the confirmation prescribed in Article 5-2, paragraph (9) of the Act as provided for by the same paragraph when a written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds is submitted;
  - (iii) other documents for reference.
- (10) The document specified by Ministry of Finance Order, prescribed in Article 3, paragraph (21), item (i) of the Order for Enforcement is any of the following documents of a nonresident (in a case where the nonresident is the trustee of a qualified foreign securities investment trust(s), any of the following documents and the prospectus of each qualified foreign securities investment trust that the trustee has accepted or any other document similar thereto, limited to those documents stating the name of the nonresident (in the case where the nonresident is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted) and the nonresident's domicile (in a case where the nonresident is any of the persons listed in paragraph (1), items (i) to (iii), the place specified in these items for the categories of persons listed in the respective items)):
- (i) a certificate of alien registration, a copy of an alien registration file (limited

- to any of those documents prepared within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary) or a certificate of matters entered in an alien registration file (meaning a document by which the head of a local public entity certifies matters registered in an alien registration file; limited to the document prepared within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary);
- (ii) a receipt for payment national taxes or local taxes, a certificate of tax payment, or a receipt for payment social insurance premiums (meaning the social insurance premiums prescribed in Article 74, paragraph (2) of the Income Tax Act) (limited to any of those documents bearing a stamp of the date of receipt or an entry of the date of issuance, with the date falling within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary);
- (iii) beyond the documents listed in the preceding two items, a document issued by a public agency or any document similar thereto (limited to any of those documents prepared within six months prior to the day on which they are presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary).
- (11) The document specified by Ministry of Finance Order, prescribed in Article 3, paragraph (21), item (ii) of the Order for Enforcement, is the document specified in the following items for the categories of foreign corporations listed in the respective items (in the case where the foreign corporation is the trustee of a qualified foreign securities investment trust(s), any of the documents specified in the following items for the categories of foreign corporations listed in the respective items and the prospectus of each qualified foreign securities investment trust that it has accepted or any other document similar thereto, limited to those documents stating the name of the foreign corporation (in the case where the foreign corporation is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that it has accepted) and the location of its head office or principal office (in the case where the foreign corporation is a foreign corporation listed in paragraph (1), item (iv), the place specified in the same item)):
- (i) a foreign corporation (limited to a foreign corporation listed in paragraph (1),

- item (iv)): any of the following documents of the foreign corporation:
- (a) a certificate of registered matters pertaining to the registration prescribed in paragraph (1), item (iv) of the foreign corporation or a seal registration certificate (limited to any of those documents issued within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary);
  - (b) a receipt for national tax or local tax, a certificate of tax payment, or a receipt for social insurance premiums (meaning the insurance premiums, benefits or installments listed in the items of Article 74, paragraph (2) of the Income Tax Act) (limited to any of those documents bearing a stamp of the date of receipt or an entry of the date of issuance, with the date falling within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary);
  - (ii) a foreign corporation other than the foreign corporation listed in the preceding item: A document issued by a public agency or any other document similar thereto (limited to any of those documents prepared within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the qualified foreign intermediary).
- (12) Where a nonresident listed in paragraph (1), item (iii) or a foreign corporation listed in item (ii) of the preceding paragraph has entered into a contract of mandate for making entries or records under the book-entry system regarding book-entry national government bonds (limited to those bearing interest) or book-entry local government bonds (limited to those bearing interest), with an individual who has a domicile in Japan or with a domestic corporation (excluding an association or foundation without juridical personality as prescribed in Article 2, item (viii) of the Corporation Tax Act) or a branch office of a foreign bank as prescribed in Article 47, paragraph (2) of the Banking Act (Act No. 59 of 1981) or a financial instruments business operator as prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act (limited to a foreign corporation engaged in Type I financial instruments business as prescribed in Article 28, paragraph (1) of the same Act), the document specified in paragraph (10) or item (ii) of the preceding paragraph is, beyond the documents prescribed in these provisions, a copy of a power of attorney or written contract pertaining to the contract of mandate which states the name of the nonresident or the foreign corporation and their place of domicile or place of residence located outside Japan or the location of

its head office or principal office located outside Japan.

(13) The matters specified by Ministry of Finance Order which should be stated in the written application, prescribed in Article 5-2, paragraph (10) and paragraph (11) of the Act, are the following:

- (i) the name and domicile, etc. of the person who submits the written application;
- (ii) the initial name and domicile, etc. of the person who submits the written application prior to the change prescribed in Article 5-2, paragraph (10) or paragraph (11) of the Act, and the person's new name or domicile, etc. after the change;
- (iii) the name of the specified book-entry institution, etc. or qualified foreign intermediary to which the written application is submitted;
- (iv) the date of submission of the written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds that was submitted via the specified book-entry institution, etc. or qualified foreign intermediary prescribed in the preceding item;
- (v) other matters for reference.

(14) The matters specified by Ministry of Finance Order prescribed in Article 5-2, paragraph (13) and paragraph (14) of the Act are the following matters concerning the person who has submitted a written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds prescribed in these provisions:

- (i) the name of the person who has submitted the written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds (including a person who is to be deemed, pursuant to the provisions of Article 3, paragraph (3) or paragraph (5) of the Order for Enforcement, to have submitted a written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds; hereinafter the same applies in this paragraph) (in the case where the person who has submitted the written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds is the trustee of a qualified foreign securities investment trust(s), the name of the trustee and the name of each qualified foreign securities investment trust that the trustee has accepted), and the domicile, etc. of the person;
- (ii) the issue of the book-entry national government bonds or book-entry local government bonds for which the person who has submitted the written application for a tax exemption on book-entry national government bonds or

- written application for a tax exemption on book-entry local government bonds has made entries or records under the book-entry system through the specified book-entry institution, etc. or qualified foreign intermediary prescribed in Article 5-2, paragraph (13) and paragraph (14) of the Act (limited to those bonds to which the provisions of paragraph (1) of the same Article are to be applied in terms of interest thereon), and the amount of redemption money for each issue;
- (iii) the day specified in the following for the respective cases listed therein:
- (a) where the person who has submitted the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds has acquired the book-entry national government bonds or book-entry local government bonds for which the person is to make entries or records under the book-entry system through the specified book-entry institution, etc. or qualified foreign intermediary prescribed in the preceding item: The day on which entries or records under the book-entry system are made with regard to the acquisition;
  - (b) where the person who has submitted the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds has transferred the book-entry national government bonds or book-entry local government bonds prescribed in the preceding item: The day on which entries or records under the book-entry system are made with regard to the transfer;
  - (c) where the person who has submitted the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds has received redemption of the book-entry national government bonds or book-entry local government bonds prescribed in the preceding item: The day on which entries or records under the book-entry system are made with regard to the redemption;
  - (d) where the person who has submitted the written application for a tax exemption on book-entry national government bonds or book-entry local government bonds has made the change prescribed in Article 5-2, paragraph (10) or paragraph (11) of the Act: The day on which entries or records under the book-entry system are made with regard to the change;
- (iv) the date of payment of interest for each issue of the book-entry national government bonds or book-entry local government bonds prescribed in item (ii), and the amount of interest (limited to the amount to which the provisions of Article 5-2, paragraph (1) of the Act are to be applied);
- (v) where the provisions of Article 5-2, paragraph (15) or paragraph (16) of the Act are applied to the book-entry national government bonds or book-entry local government bonds prescribed in item (ii), the name of the specified book-entry institution, etc. prescribed in paragraph (18), item (i) (in the case

- where entries or records under the book-entry system have been made regarding the book-entry national government bonds or book-entry local government bonds through a qualified foreign intermediary, the name of the qualified foreign intermediary is included), and the first day of the holding period listed in item (ii) of the same paragraph;
- (vi) where the person who has submitted the written application for a tax exemption on book-entry national government bonds or written application for a tax exemption on book-entry local government bonds is a nonresident listed in paragraph (1), item (i) or item (ii), the nonresident's place of domicile or place of residence located outside Japan;
  - (vii) where the person who has submitted the written application for a tax exemption on book-entry national government bonds or written application for tax exemption on book-entry local government bonds is a foreign corporation listed in paragraph (1), item (iv), the location of the foreign corporation's head office or principal office located outside Japan;
  - (viii) other matters for reference.
- (15) A specified book-entry institution, etc. or qualified foreign intermediary must preserve the books for book-entry set forth in Article 3, paragraph (24) of the Order for Enforcement (including cases where applied *mutatis mutandis* pursuant to paragraph (26) of the same Article) that it has prepared, for five years from the year following the year that includes the date of the closing of the books for book-entry.
- (16) The means specified by Ministry of Finance Order, prescribed in Article 3, paragraph (27) of the Order for Enforcement, are the means of using either of the electronic data processing systems listed in the following items or any other information and communications technology (limited to the means wherein it is possible to confirm that the participants in each of the electronic data processing systems listed in those items are limited to a certain scope of persons or it is possible for the specified book-entry institution, etc. receiving the notice to confirm that the person who has given the notice is a qualified foreign intermediary pertaining to the specified book-entry institution, etc.):
- (i) the electronic data processing system prescribed in Article 2, item (i) of the Ministerial Order on the Special Provisions on National Government Bond Registration Procedures Handled by an Electronic Data Processing System (Order of the Ministry of Finance No. 20 of 1990);
  - (ii) an electronic data processing system wherein the computer installed in the specified book-entry institution, etc. prescribed in Article 5-2, paragraph (5), item (i) of the Act (limited to one pertaining to book-entry local government bonds; hereinafter referred to as the "book-entry institution for local government bonds" in this paragraph) is connected, via a telecommunications line, to the input-output devices used by the person who has entered into

- contract with the book-entry institution for local government bonds for the use of the computer.
- (17) A specified book-entry institution, etc. must preserve the books set forth in Article 3, paragraph (28) of the Order for Enforcement that it has prepared, for five years from the year following the year that includes the day on which it entered or recorded in the books the matters of which it received notice.
- (18) The matters specified by Ministry of Finance Order, prescribed in Article 5-2, paragraph (15), item (iii) and paragraph (16), item (iii) of the Act, are the following:
- (i) the name of the specified book-entry institution, etc. through which the previous holder prescribed in Article 5-2, paragraph (15), item (iii) of the Act or the previous holder prescribed in paragraph (16), item (iii) of the same Article has made entries or records under the book-entry system regarding book-entry national government bonds prescribed in paragraph (15), item (iii) of the same Article or book-entry local government bonds prescribed in paragraph (16), item (iii) of the same Article (in the case where entries or records under the book-entry system have been made regarding the book-entry national government bonds or book-entry local government bonds through a qualified foreign intermediary, the name of the qualified foreign intermediary is included);
  - (ii) the holding period for the book-entry national government bonds or book-entry local government bonds prescribed in the preceding item that were held by the previous holder prescribed in the same item;
  - (iii) the day on which acquisition prescribed in Article 5-2, paragraph (15) or paragraph (16) of the Act was conducted regarding the book-entry national government bonds or book-entry local government bonds prescribed in item (i);
  - (iv) the issue of the book-entry national government bonds or book-entry local government bonds prescribed in item (i), and the amount of redemption money for each issue;
  - (v) other matters for reference.
- (19) The means specified by Ministry of Finance Order, prescribed in Article 3, paragraph (30) of the Order for Enforcement, are the means of using the electronic data processing system prescribed in Article 2, item (i) of the Ministerial Order on the Special Provisions on Government Bond Registration Procedures Handled by an Electronic Data Processing System.
- (20) A specified book-entry institution, etc. must preserve the document prescribed in Article 3, paragraph (31) of the Order for Enforcement (including cases where applied mutatis mutandis pursuant to paragraph (35) of the same Article) that it has received, for five years from the year following the year that includes the day on which it received the document.

- (21) A specified book-entry institution, etc. must preserve the document or microfilm prescribed in Article 3, paragraph (32) of the Order for Enforcement, for five years from the year following the year that includes the day on which it received the notice prescribed in the same paragraph.
- (22) The input-output devices specified by Ministry of Finance Order, prescribed in Article 3, paragraph (32) of the Order for Enforcement, are the input-output devices prescribed in Article 2, item (i) of the Ministerial Order on the Special Provisions on Government Bond Registration Procedures Handled by an Electronic Data Processing System.
- (23) The means specified by Ministry of Finance Order, prescribed in Article 3, paragraph (34) of the Order for Enforcement, are the means of using the electronic data processing system listed in paragraph (16), item (ii).
- (24) A specified book-entry institution, etc. must preserve the document or microfilm prescribed in Article 3, paragraph (36) of the Order for Enforcement, for five years from the year following the year that includes the day on which it received the notice prescribed in the same paragraph.
- (25) The input-output devices specified by Ministry of Finance Order prescribed in Article 3, paragraph (36) of the Order for Enforcement are the input-output devices prescribed in paragraph (16), item (ii).

(Special Provisions on Taxation on Interest from Foreign Private Bonds)

Article 3-19 (1) The matters specified by Ministry of Finance Order, prescribed in Article 6, paragraph (4) of the Act, are the following:

- (i) the name of the general foreign private bonds prescribed in Article 6, paragraph (1) of the Act (hereinafter referred to as "general foreign private bonds" in this Article) which are to bear interest and for which the application of the provisions of paragraph (4) of the same Article is sought;
  - (ii) the due date of payment of the interest on the general foreign private bonds set forth in the preceding item and the amount of the interest;
  - (iii) other matters for reference.
- (2) Where a person who pays interest on general foreign private bonds has received a written application for a tax exemption (meaning the written application for a tax exemption prescribed in Article 6, paragraph (4) of the Act; hereinafter the same applies in this paragraph and the following paragraph) pertaining to interest on the general foreign private bonds which has been submitted by a nonresident or foreign corporation, the person must prepare a copy of the written application for a tax exemption (including any object equivalent thereto; the same applies in the following paragraph).
  - (3) A person who pays interest on general foreign private bonds must compile a copy of the written application for a tax exemption prescribed in the preceding paragraph that the person has prepared pursuant to the provisions of the same



paragraph, for each name of the general foreign private bonds and the due date of payment, and preserve the copy for five years from the year following the year that includes the day on which the person received the written application for a tax exemption pertaining to the copy.

- (4) The matters specified by Ministry of Finance Order as interest recipient information, prescribed in Article 6, paragraph (7) of the Act (hereinafter referred to as "interest recipient information" in this Article), are the following:
- (i) the name of the person who gives notice of the interest recipient information, and the person's domicile or residence or the location of its head office or principal office (hereinafter referred to as "domicile, etc." in this Article);
  - (ii) the name of the specified foreign private bonds prescribed in Article 6, paragraph (7) (hereinafter referred to as "specified foreign private bonds" in this Article) which are to bear the interest on the specified foreign private bonds pertaining to the interest recipient information;
  - (iii) the due date of payment of the interest on the specified foreign private bonds pertaining to the interest recipient information, and the amount of the interest;
  - (iv) other matters for reference.
- (5) The matters specified by Ministry of Finance Order which should be stated in the interest recipient confirmation document, prescribed in Article 6, paragraph (7) of the Act, are the following:
- (i) the categories under which the person who is to receive the interest on the specified foreign private bonds pertaining to the interest recipient confirmation document falls, as a nonresident or foreign corporation and as a resident or domestic corporation, and the total amount of the interest on the specified foreign private bonds to be paid for each of the categories;
  - (ii) the name of the specified foreign private bonds which are to bear the interest on the specified foreign private bonds pertaining to the interest recipient confirmation document;
  - (iii) the due date of payment of interest on the specified foreign private bonds pertaining to the interest recipient confirmation document;
  - (iv) the name of the person who submits the interest recipient confirmation document and the location of its head office or principal office;
  - (v) other matters for reference.
- (6) A person who seeks application of the provisions of Article 6, paragraph (7) of the Act in terms of interest on specified foreign private bonds must, upon entrusting a person in charge of handling the payment set forth in Article 6, paragraph (7) of the Act with custody of the specified foreign private bonds, notify the person in charge of handling payment of the name and domicile, etc. located outside Japan of the person who seeks the application.
- (7) Where a person who seeks application of the provisions of Article 6,

paragraph (7) of the Act in terms of interest on specified foreign private bonds has, after making the notification under the provisions of the preceding paragraph, changed the name or domicile, etc. located outside Japan, the person must, without delay, notify the person in charge of handling the payment set forth in Article 6, paragraph (7) of the Act of the new name and domicile, etc. located outside Japan of the person who seeks the application after the change. The same applies in the case where the person has, after making the notification of change, further changed the name or domicile, etc. located outside Japan.

- (8) A person who makes the notification as set forth in paragraph (6) or the preceding paragraph must, upon making the notification, obtain confirmation from the person in charge of handling the payment prescribed in these provisions with regard to the name and domicile, etc. located outside Japan that are to be reported in the notification, by presenting a document that certifies that the person making the notification falls under the category of nonresident or foreign corporation or by any other method equivalent thereto.
- (9) The case specified by Ministry of Finance Order, prescribed in Article 3-2, paragraph (20) of the Order for Enforcement, is the case where a person who seeks the application of the provisions of Article 6, paragraph (7) of the Act in terms of interest on specified foreign private bonds has, before entrusting a person in charge of handling the payment set forth in Article 6, paragraph (7) of the Act with custody of the specified foreign private bonds, already obtained confirmation under the provisions of the preceding paragraph from the person in charge of handling the payment with regard to the name and domicile, etc. located outside Japan of the person who seeks the application (excluding the case where the person has already obtained confirmation under the provisions of the same paragraph with respect to other specified foreign private bonds).
- (10) A person in charge of handling the custody and payment prescribed in Article 6, paragraph (7) of the Act (hereinafter referred to as a "person in charge of handling custody and payment" in the following paragraph and paragraph (12)) must, when seeking application of the provisions of Article 3-2, paragraph (22) of the Order for Enforcement in terms of the notice of interest recipient information under the provisions of Article 6, paragraph (7) of the Act, obtain approval from the person who pays interest as set forth in Article 3-2, paragraph (22) of the Order for Enforcement for the omission of notice under the provisions of Article 3-2, paragraph (22) of the Order for Enforcement, no later than the day preceding the day on which the person in charge of handling custody and payment receives the delivery of the interest on the specified foreign private bonds pertaining to the interest recipient information.
- (11) Where a person in charge of handling custody and payment has obtained the approval set forth in the preceding paragraph for the omission of notice under

the provisions of Article 3-2, paragraph (22) of the Order for Enforcement with regard to the interest on the specified foreign private bonds of which the person is entrusted with custody, when the person has confirmed that all persons who are to receive payment of the interest on the specified foreign private bonds (excluding interest subject to the provisions of Article 3-3, paragraph (3) or paragraph (6) of the Act; hereinafter the same applies in the following paragraph and paragraph (13)) fall under the category of resident or domestic corporation, the person is to give a notice of that fact and the matters listed in the items of paragraph (4) pertaining to the interest to the person who pays the interest.

- (12) Where a person in charge of handling custody and payment has received notice, as the relay point via which notice is to be given, with regard to the interest recipient information pertaining to the interest on other specified foreign private bonds prescribed in Article 3-2, paragraph (24) of the Order for Enforcement, the person may give notice of the following matters to the person who pays the interest (in the case where the interest is delivered via any other person in charge of handling payment with whom the person in charge of handling custody and payment has entrusted custody by subcontract, a notice may be given to the person who pays the interest via the relevant other person in charge of handling payment):
- (i) the matters specified in the items of Article 6, paragraph (7) of the Act for the cases listed in the respective items, with regard to a person who is to receive interest on the specified foreign private bonds of which the person in charge of handling custody and payment is entrusted with custody directly or by subcontract;
  - (ii) the name and domicile, etc. of the person who gives the notice;
  - (iii) the name of the specified foreign private bonds which are to bear the interest pertaining to the notice;
  - (iv) the due date of payment of the interest on the specified foreign private bonds pertaining to the notice, and the amount of the interest;
  - (v) other matters for reference.
- (13) Where a person in charge of handling the payment based on entrustment by subcontract prescribed in Article 3-2, paragraph (25) of the Order for Enforcement (hereinafter referred to as a "person in charge of handling payment based on entrustment by subcontract" in this paragraph) regarding specified foreign private bonds has received notice, as the relay point via which notice is to be given, with regard to two or more pieces of interest recipient information pertaining to the interest on the specified foreign private bonds, the person may give notice of the following matters to the person who pays the interest (in the case where the interest is delivered via any other person in charge of handling payment with whom the person in charge of handling

custody and payment has entrusted custody by subcontract, a notice may be given to the person who pays the interest via the relevant other person in charge of handling payment):

(i) the matters specified in the items of Article 6, paragraph (7) of the Act for the cases listed in the respective items, with regard to the person who is to receive the interest on the specified foreign private bonds pertaining to the interest recipient information of which the person in charge of handling payment based on entrustment by subcontract has received notice as the relay point;

(ii) the matters listed in items (ii) to (v) of the preceding paragraph.

(14) The provisions of paragraph (11) apply *mutatis mutandis* where the provisions of Article 3-2, paragraph (23) of the Order for Enforcement as applied *mutatis mutandis* pursuant to paragraph (26) of the same Article is applied.

(15) A person who pays interest on specified foreign private bonds must preserve the books prescribed in Article 3-2, paragraph (29) of the Order for Enforcement, for five years from the year following the year that includes the date of the closing of the books.

(16) The provisions of the preceding paragraphs apply *mutatis mutandis* where a domestic financial institution, etc. prescribed in Article 6, paragraph (8) of the Act is subject to the provisions of the main clause of paragraph (4) of the same Article and paragraph (7) of the same Article, both of which apply *mutatis mutandis* pursuant paragraph (8) of the same Article, as well as the provisions of Article 3-2, paragraph (17), paragraph (19), paragraph (20), paragraphs (23) to (26), and paragraph (29) of the Order for Enforcement, all of which apply *mutatis mutandis* pursuant to paragraph (31) of the same Article. In this case, in paragraph (2), the phrase "nonresident or foreign corporation" is deemed to be replaced with "domestic financial institution, etc. prescribed in Article 6, paragraph (8) of the Act", and the phrase "Article 6, paragraph (4) of the Act" is deemed to be replaced with "paragraph (4) of the same Article", in paragraph (5), item (i), the term "or foreign corporation" is deemed to be replaced with "or foreign corporation or a domestic financial institution, etc. prescribed in Article 6, paragraph (8) of the Act (limited to one that seeks application of the provisions of paragraph (7) of the same Article as applied *mutatis mutandis* pursuant to paragraph (8) of the same Article; hereinafter referred to as a 'domestic financial institution, etc.' in this item, paragraph (8) and paragraph (11))", and the term "domestic corporation" is deemed to be replaced with "domestic corporation (excluding a domestic financial institution, etc.)", in paragraph (6), the phrase "the name and domicile, etc. located outside Japan of the person who seeks the application" is deemed to be replaced with "its new name and the location of its new head office or principal office", in paragraph

(7), the phrase "the name or domicile, etc. located outside Japan" is deemed to be replaced with "its name or the location of its head office or principal office", and the phrase "the new name and domicile, etc. located outside Japan of the person who seeks the application" is deemed to be replaced with "its name and the location of its head office or principal office", in paragraph (8), the phrase "the name and domicile, etc. located outside Japan that are to be reported in the notification" is deemed to be replaced with "the name and the location of the head office or principal office that are to be reported in the notification", and the phrase "nonresidents or foreign corporations" is deemed to be replaced with "domestic financial institutions, etc.", in paragraph (9), the phrase "the name and domicile, etc. located outside Japan of the person who seeks the application" is deemed to be replaced with "its name and the location of its head office or principal office", in paragraph (11), the term "domestic corporations" is deemed to be replaced with "domestic corporations (excluding domestic financial institutions, etc.)", in paragraph (12), item (i) and paragraph (13), item (i), the phrase "items of Article 6, paragraph (7) of the Act" is deemed to be replaced with "items of Article 6, paragraph (7) of the Act as applied mutatis mutandis pursuant to paragraph (8) of the same Article".

(17) A person who has performed the underwriting, etc. prescribed in Article 3-2, paragraph (33), item (iii) of the Order for Enforcement (hereinafter referred to as the "underwriting, etc." in item (iii) of the following paragraph) regarding the foreign private bonds prescribed in Article 3-2, paragraph (33), item (iii) of the Order for Enforcement (hereinafter referred to as the "foreign private bonds" in this paragraph and the following paragraph) must, without delay, submit the document prescribed in Article 3-2, paragraph (33), item (iii) of the Order for Enforcement to the person who has issued the foreign private bonds, and the person who has issued those bonds must, when the person has received the document for all foreign private bonds that the person has issued, submit the document to the district director of the tax office prescribed in Article 3-2, paragraph (33), item (iii) of the Order for Enforcement by the last day of the month following the month that includes the date of the issue. In this case, the person who has issued those bonds must prepare a copy of the document that the person has received (including any object equivalent thereto) and preserve it for five years from the year following the year that includes the day on which the person received the document.

(18) The matters specified by Ministry of Finance Order, prescribed in Article 3-2, paragraph (33), item (iii) of the Order for Enforcement, are the following:

- (i) the name of the person who submits the document prescribed in Article 3-2, paragraph (33), item (iii) of the Order for Enforcement and the person's domicile, etc. located outside Japan;
- (ii) the name of the foreign private bonds pertaining to the document set forth

- in the preceding item;
  - (iii) the amount for which the person set forth in item (i) has performed the underwriting, etc. regarding the foreign private bonds set forth in the preceding item;
  - (iv) other matters for reference.
- (19) The document specified by Ministry of Finance Order, prescribed in Article 267, paragraph (2) of the Order for Enforcement of the Income Tax Act applied following the deemed replacement of terms pursuant to the provisions of Article 3-2, paragraph (34) of the Order for Enforcement, is a transaction report or any other document concerning interest on general foreign private bonds prescribed in Article 3-2, paragraph (34) of the Order for Enforcement, which shows that payment of the interest on the general foreign private bonds has been received.
- (20) For the purpose of the application of the provisions of Article 53, paragraph (1) of the Regulation for Enforcement of the Income Tax Act in the case where the provisions of Article 267, paragraph (2) of the Order for Enforcement of the Income Tax Act in which the terms and phrases are replaced pursuant to the provisions of Article 3-2, paragraph (34) of the Order for Enforcement of the Act on Special Measures Concerning Taxation are to be applied, the terms in Article 53, paragraph (1), item (i) of the Regulation for Enforcement of the Income Tax Act are replaced as follows: the phrase "the provisions of Article 181, paragraph (1) of the Act (Withholding Obligation on Interest Income and Dividend Income)" is deemed to be replaced with "the provisions of Article 181, paragraph (1) (Withholding Obligation on Interest Income and Dividend Income) of the Act and of Article 6, paragraph (2) (Withholding Obligation on Interest from Foreign Private Bonds, etc.) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)", the phrase "amount of income from interest, etc. or dividend, etc." is deemed to be replaced with "amount of income from interest, etc. or dividend, etc. or the amount of income from interest on the general foreign private bonds prescribed in Article 6, paragraph (2) of the Act on Special Measures Concerning Taxation (hereinafter referred to as 'general foreign private bonds' in this item) (in the case of interest on general foreign private bonds issued by a foreign corporation, the amount listed in each item of Article 3-2, paragraph (3) (Amount of Interest on General Foreign private bonds Issued by Foreign Corporation) of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957))", the phrase "name of the payer" is deemed to be replaced with "name of the payer (in the case where interest on general foreign private bonds is received via the person in charge of handling the payment prescribed in Article 6, paragraph (4) of the same Act, the names of the payer and the person in charge of handling the payment)".

(Foreign Corporation Eligible to Have Deposits That Are Managed in a Special International Financial Transactions Account Excluded from Taxation)

Article 3-20 A foreign corporation that has been certified pursuant to the provisions of an Ministry of Finance Order, prescribed in Article 7 of the Act, is a foreign corporation that has been certified as falling under the category of nonresident prescribed in Article 21, paragraph (3) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949), by obtaining a confirmation that it falls under the category of nonresident set forth in Article 11-2, paragraph (9) of the Foreign Exchange Order (Cabinet Order No. 260 of 1980) by the means prescribed in Article 11-2, paragraph (9) of the same Order.

(Documents to Be Attached for the Inclusion in Gross Income of the Retained Income of a Resident's Specified Foreign Subsidiaries)

Article 18-20 (1) The tax-burden base specified by Ministry of Finance Order, prescribed in Article 25-21, paragraph (1), item (ii), (a) of the Order for Enforcement, is a tax burden imposed at the tax rate of 25 percent.

(2) The documents specified by Ministry of Finance Order, prescribed in Article 40-4, paragraph (5) of the Act, are the documents listed in the following items which pertain to the specified foreign subsidiary, etc. prescribed in the same paragraph (hereinafter referred to as the "specified foreign subsidiary, etc." in this paragraph) (in the case where the documents listed in those items are prepared by means of electronic or magnetic records (meaning records made in an electronic form, a magnetic form, or any other form not recognizable to human perception, which are used in information processing by computers; hereinafter the same applies in this paragraph) or where electronic or magnetic records containing the information to be stated in the documents listed in those items are prepared instead of preparing those documents, the documents stating the content of the information contained in these electronic or magnetic records):

- (i) the balance sheet and profit and loss statement prescribed in Article 40-4, paragraph (5) of the Act;
- (ii) a statement of changes in net assets, statement on appropriation of profit and loss, and any other similar document for each business year (meaning a business year as prescribed in Article 2, paragraph (2), item (xix) of the Act; hereinafter the same applies in this paragraph);
- (iii) a statement classified by account title pertaining to the documents listed in item (i);
- (iv) the copy of a return form for each business year regarding a tax imposed under the laws and regulations of the state of the head office prescribed in Article 25-20, paragraph (2) of the Order for Enforcement, for each business

- year;
- (v) a document stating the names of shareholders, etc. (meaning shareholders, etc. as prescribed in Article 2, item (xiv) of the Corporation Tax Act; the same applies in the following item) as of the end of each business year and their domiciles or the location of their head offices or principal offices, as well as the number or amount of issued shares or capital contributions held thereby;
  - (vi) the document listed in the preceding item concerning the shareholder, etc., as of the end of each business year, of the second foreign corporation as prescribed in Article 25-21, paragraph (6), item (i) of the Order for Enforcement which pertains to the specified foreign subsidiary, etc. of a resident as prescribed in Article 40-4, paragraph (5) of the Act, and the shareholder, etc. of the second foreign corporation and of the foreign corporations related by capital contribution as prescribed in Article 25-21, paragraph (6), item (ii) of the Order for Enforcement, as of that day.
- (3) The detailed statements to be attached to a final return form pursuant to the provisions of Article 25-20, paragraph (7) of the Order for Enforcement are the detailed statements prepared in the formats equivalent to the formats specified in Appended Table 9 (4), Appended Tables 11 (1) to 11 (2), Appended Table 12 (11), Appended Table 12 (12), Appended Tables 13 (1) to 13 (3), Appended Table 13 (5), Appended Table 14 (3), and Appended Tables 16 (1) to 16 (5) of the Regulation for Enforcement of the Corporation Tax Act (Order of the Ministry of Finance No. 12 of 1965).

(Separate Taxation for Profit from Redemption)

- Article 19-4 (1) The format for the financial statement prescribed in Article 26-10, paragraph (1) of the Order for Enforcement is as specified in Appended Table 9 (1).
- (2) The government bonds specified by Ministry of Finance Order, prescribed in Article 26-11, paragraph (1) of the Order for Enforcement, are the government bonds issued by means of a discount for which the period from the date of issuance to the redemption date is three years.
  - (3) The price specified by Ministry of Finance Order, prescribed in Article 26-11, paragraph (1) of the Order for Enforcement, is the amount calculated by multiplying the face value of the short-term government bonds, etc. prescribed in Article 26-11, paragraph (1) of the Order for Enforcement (hereinafter referred to as "short-term government bonds, etc." in this paragraph), by the rate of the total amount of money paid to the amount issued for the short-term government bonds, etc. (in the case where the short-term government bonds, etc. fall under the categories of the government bonds listed in Article 41-12, paragraph (9), item (i) and item (vii) of the Act, if the rate contains a fraction



beyond five decimal places, it is to be reduced to five decimal places; in the case where the short-term government bonds, etc. fall under the categories of the government bonds Article 41-12, paragraph (9), items (ii) to (vi), and item (viii) of the Act, if the rate contains a fraction beyond six decimal places, it is to be reduced to six decimal places; in the case where the short-term government bonds, etc. fall under the category of the government bonds specified in the preceding paragraph, if the rate contains a fraction beyond four decimal places, it is to be reduced to four decimal places).

- (4) The requirement specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (9) of the Act (limited to the portion other than what is listed in the items), is that the short-term government or company bonds prescribed in Article 41-12, paragraph (9) of the Act are to be held, throughout the period from the date of issuance to the redemption date, by a book-entry institution as prescribed in Article 2, paragraph (2) of the Act on Book Entry of Corporate Bonds and Shares or a person who is to be deemed to be a book-entry institution as prescribed in Article 2, paragraph (2) of the same Act pursuant to the provisions of Article 48 of the same Act regarding the short-term government or company bonds, and by a member prescribed in Article 2, paragraph (3) of the same Act (except for individuals), by way of making specified entries or records under the book-entry system as prescribed in Article 41-12, paragraph (9) of the Act.
- (5) The requirements specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (9), item (ix) of the Act, are the following:
- (i) the total value of the book-entry foreign currency denominated bonds (meaning book-entry foreign currency denominated bonds prescribed in Article 41-12, paragraph (9), item (ix) of the Act; hereinafter the same applies in this paragraph) may be underwritten by contract;
  - (ii) the amount of each book-entry foreign currency denominated bond is not less than 100 million yen;
  - (iii) it is provided that the principal is redeemed on a fixed due date that comes in less than one year from the date of payment of the total value of the book-entry foreign currency denominated bonds, and is not redeemed in installment payments.

(Matters to Be Stated in a Written Notice by a Person Who Makes Entries or Records Under the Book-Entry System Regarding Specified Book-Entry Government Bonds)

Article 19-5 (1) The coupon-only book-entry government bonds resulting from the separate trading of principal and interest that has been conducted pursuant to the provisions of Ministry of Finance Order, prescribed in Article 41-12, paragraph (12) of the Act, are the coupon-only book-entry government

bonds prescribed in Article 90, paragraph (3) of the Act on Book Entry of Corporate Bonds and Shares resulting from the separate trading of principal and interest prescribed in Article 90, paragraph (1) of the same Act that has been conducted for the STRIPS bonds prescribed in Article 2, paragraph (1) of the Ministerial Order on Designation of STRIPS Bonds (Ministry of Finance Order No. 66 of 2002) in accordance with the provisions of Article 93 of the same Act.

(2) The places specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (12) of the Act, are the places specified in the following items for the categories of persons listed in the respective items:

- (i) an individual who has a residence in Japan: the individual's place of residence;
- (ii) any of the nonresidents listed in Article 164, paragraph (1), items (i) to (iii) of the Income Tax Act (excluding the one listed in the preceding item): The location of the nonresident's office, place of business or any other equivalent place pertaining to the business conducted thereby in Japan (in the case where there are two or more of those places, the principal one);
- (iii) a nonresident listed in Article 164, paragraph (1), item (iv) of the Income Tax Act (excluding the one listed in item (i)): the nonresident's place of domicile or place of residence located outside Japan;
- (iv) any of the foreign corporations listed in Article 141, items (i) to (iii) of the Corporation Tax Act: The location of the foreign corporation's office, place of business or any other equivalent place prescribed in Article 17, item (i) of the same Act (in the case where there are two or more of those places, the principal one, in the case where the foreign corporation has made a registration under the provisions of Article 933, paragraph (1) of the Companies Act or Article 37, paragraph (1) of the Civil Code, its office, the place of business or any other equivalent place thus registered);
- (v) a foreign corporation listed in Article 141, item (iv) of the Corporation Tax Act: The location of the foreign corporation's head office or principal office located outside Japan.

(3) The matters specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (12) of the Act, are the following:

- (i) the name of the person who makes entries or records under the book-entry system prescribed in Article 41-12, paragraph (12) of the Act with regard to specified book-entry government bonds, etc. (meaning specified book-entry government bonds prescribed in Article 41-12, paragraph (12) of the Act; hereinafter the same applies in this Article, paragraph (1) of the following Article, and Article 19-6, paragraph (1) and paragraph (3)) (in the case where the person who makes the entries or records under the book-entry system is the trustee of a foreign investment trust(s) as prescribed in Article 5-2,

- paragraph (2) of the Act (hereinafter referred to as a "foreign investment trust" in this paragraph to paragraph (5)), the name of the trustee and the name of each foreign investment trust that the trustee has accepted; the same applies in paragraph (14), item (i), paragraph (1), item (i) of the following Article, and Article 19-6, paragraph (1), item (i) and paragraph (3), item (i) and the domicile of the person (in the case where the person does not have domicile in Japan, the place prescribed in the preceding paragraph; hereinafter referred to as "domicile, etc." in this Article, paragraph (1), item (i) of the following Article, and Article 19-6, paragraph (1), item (i) and paragraph (3), item (i));
- (ii) the issue of the specified book-entry government bonds, etc. (meaning the issue prescribed in Article 68, paragraph (3), item (ii) of the Act on Book Entry of Corporate Bonds and Shares (including cases where applied *mutatis mutandis* pursuant to Article 127 of the same Act) or in Article 91, paragraph (3), item (ii) of the same Act; the same applies in paragraph (14), item (ii), paragraph (1) of the following Article, and Article 19-6, paragraph (1), item (iv) and paragraph (3), item (iii));
- (iii) where the person who makes entries or records under the book-entry system set forth in item (i) has made the notification of the person's tax agent under the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes, the name and domicile of the tax agent (in the case where the tax agent does not have domicile in Japan, the tax agent's residence; the same applies in paragraph (14), item (iii));
- (iv) other matters for reference.
- (4) The document specified by Ministry of Finance Order, prescribed in Article 26-18, paragraph (2), item (i) of the Order for Enforcement, is a document specified in the following items for the categories of persons listed in the respective items (in the case where the individual is the trustee of a foreign investment trust(s), the documents specified in the respective items and the prospectus of each foreign investment trust that the trustee has accepted or any other document similar thereto, limited to those documents stating the individual's name and domicile, etc.):
- (i) an individual who has a domicile in Japan: Any of the following documents of the individual:
- (a) a copy of a certificate of residence, a certificate of matters entered in the certificate of residence (meaning a document by which the head of a local public entity certifies a person's residence, name, and other matters entered in the basic residential registry), a copy of a supplementary certificate of a family register or a seal registration certificate (limited to any of those documents prepared within six months prior to the day on which it is presented to the head of the business office, etc. of the specified

- book-entry institution, etc. prescribed in Article 41-12, paragraph (12) of the Act (hereinafter referred to as the "head of the business office, etc. of the specified book-entry institution, etc." in this paragraph to paragraph (10)) or the head of the specified overseas business office, etc. of a foreign intermediary as prescribed in Article 41-12, paragraph (12) of the Act (hereinafter referred to as the "head of the specified overseas business office, etc. of the foreign intermediary" in this paragraph to paragraph (9); the same applies in (b) of the following item);
- (b) the basic residential registry card prescribed in Article 30-44, paragraph (1) of the Basic Residential Registry Act (limited to the card prepared using Form 2 attached to the Regulation for Enforcement of the Basic Residential Registry Act), which is valid as of the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary;
  - (c) proof of national health insurance, health insurance, mariners' insurance, medical care insurance for seniors over 75 or long-term care insurance, day laborers' health insurance, a membership card for a National Public Servants' Mutual Aid Association or a Municipal Public Servants' Mutual Aid Association, or a membership card for a Mutual Aid Program for Private School Personnel;
  - (d) proof of national pension (meaning the proof of national pension prescribed in Article 13, paragraph (1) of the National Pension Act), a child-care allowance certificate, a special child-rearing allowance certificate, a mother and child health booklet, a physical disability certificate, mental disability certificate, or a war injury or illness certificate;
  - (e) a driver's license (meaning a driver's license as prescribed in Article 92, paragraph (1) of the Road Traffic Act), which is valid as of the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary;
  - (f) a passport (meaning a passport as prescribed in Article 2, item (v) of the Immigration Control and Refugee Recognition Act), which is valid as of the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary;
  - (g) a receipt for payment of national taxes or local taxes, a certificate of tax payment or a receipt for payment of social insurance premiums (meaning the social insurance premiums prescribed in Article 74, paragraph (2) of the Income Tax Act) (limited to any of those documents bearing a stamp of

the date of receipt or an entry of the date of issuance, with the date falling within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary);

- (ii) an individual who does not have domicile in Japan: Any of the following documents of the individual:
  - (a) a certificate of alien registration;
  - (b) a copy of the person's alien registration file, a certificate of matters entered in an alien registration file as prescribed in Article 3-18, paragraph (10), item (i) or a document issued by a public agency or any other similar document.
- (5) The document specified by Ministry of Finance Order, prescribed in Article 26-18, paragraph (2), item (ii) of the Order for Enforcement, is a document specified in the following items for the categories of corporations listed in the respective items (including an association or foundation without juridical personality (meaning an association or foundation without juridical personality as prescribed in Article 2, item (viii) of the Corporation Tax Act; hereinafter the same applies in this paragraph and paragraph (7)); hereinafter the same applies in this paragraph) (in the case where the corporation is the trustee of a foreign investment trust(s), the documents specified in the respective items and the prospectus of each foreign investment trust that it has accepted or any other document similar thereto, limited to those documents stating the corporation's name and domicile, etc.):
  - (i) a domestic corporation (excluding an association or foundation without juridical personality and a trust corporation (meaning the trust corporation prescribed in Article 6-3 of the Income Tax Act; hereinafter the same applies in this paragraph) of a trust subject to corporation taxation: Any of the following documents of the domestic corporation:
    - (a) a certificate of registered matters pertaining to the domestic corporation's registration of incorporation (in the case where the domestic corporation has not made a registration of its incorporation, a document by which the head of the administrative organ with jurisdiction over the domestic corporation certifies the name of the domestic corporation and the location of its head office or principal office) or a copy thereof, a seal registration certificate or a document pertaining to a license or permission, authorization, or approval sent from a public agency under the provisions of laws and regulations (limited to any of those documents issued or sent within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign

- intermediary; the same applies in item (iii), (a) and item (iv));
- (b) a receipt for payment of national taxes or local taxes, a certificate of tax payment, or a receipt for payment of social insurance premiums (meaning the insurance premiums, benefits or installments listed in the items of Article 74, paragraph (2) of the Income Tax Act) (limited to any of those documents bearing a stamp of the date of receipt or an entry of the date of issuance, with the date falling within six months prior to the day on which it is presented to the head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary);
  - (ii) an association or foundation without juridical personality (limited to one with a principal office in Japan): Any of the following documents of the association or foundation without judicial personality:
    - (a) a copy of the articles of association, articles of endowment, regulations, or rules of the association or foundation without juridical personality (limited to those containing provisions on the matters concerning its name and the location of its principal office), which states the matters by which its representative or manager certifies that the association or foundation without juridical personality is identical to the one indicated in the copy;
    - (b) any of the documents listed in (b) of the preceding item;
  - (iii) a foreign corporation (limited to a foreign corporation listed in paragraph (2), item (iv), and excluding a trust corporation of a trust subject to corporation taxation): Any of the following documents of the foreign corporation:
    - (a) a certificate of registered matters pertaining to a registration prescribed in paragraph (2), item (iv) of the foreign corporation or a seal registration certificate;
    - (b) any of the documents listed in item (i), (b);
  - (iv) a foreign corporation other than the foreign corporation listed in the preceding item (excluding a trust corporation of a trust subject to corporation taxation): A document issued by a public agency or any other similar document;
  - (v) the trust corporation of a trust subject to corporation taxation: Any of the following documents of the trust subject to corporation taxation:
    - (a) the document specified in the items of the preceding paragraph or item (i) to the preceding item for the categories of persons listed in the respective items, regarding the trustee of the trust subject to corporation taxation (limited to the document stating the name and domicile of the trustee or the location of its head office or principal office);
    - (b) a trust contract of the trust subject to corporation taxation or any other similar document (limited to any of those documents stating the name of

the trust subject to corporation taxation and the location of the business office prescribed in Article 6-3, item (i) of the Income Tax Act to which the trust subject to corporation taxation is entrusted).

- (6) Where an individual who has a domicile in Japan is not the person indicated in the certificate of residence as of the day preceding the day on which the written notice set forth in Article 41-12, paragraph (12) of the Act is submitted under the provisions of Article 41-12, paragraph (12) of the Act or the document set forth in Article 26-18, paragraph (4) of the Order for Enforcement is submitted under the provisions of Article 26-18, paragraph (4) of the Order for Enforcement, the individual's certificate of alien registration and a copy of the individual's alien registration file, the certificate of matters entered in the individual's alien registration file prescribed in paragraph (4), item (ii), (b) or a document issued by a public agency or any other similar document (limited to any of those documents stating the individual's name and domicile, prepared within six months prior to the day on which the written notice or the document set forth in Article 26-18, paragraph (4) of the Order for Enforcement is submitted) are deemed to be the documents prescribed in item (i) of the same paragraph.
- (7) Where an individual listed in paragraph (4), item (ii) or a foreign corporation listed in paragraph (5), item (iv) has entered into a contract of mandate for making entries or records under the book-entry system prescribed in Article 41-12, paragraph (12) of the Act regarding specified book-entry government bonds, etc., with an individual who has a domicile in Japan or with a domestic corporation (excluding an association or foundation without juridical personality) or a branch office of a foreign bank prescribed in Article 47, paragraph (2) of the Banking Act or a financial instruments business operator prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act (limited to a foreign corporation engaged in Type I financial instruments business as prescribed in Article 28, paragraph (1) of the same Act), the scope of the document specified in paragraph (4), item (ii) or paragraph (5), item (iv) includes, beyond the documents prescribed in these provisions, a copy of a power of attorney or written contract pertaining to the contract of mandate which states the name of the individual listed in paragraph (4), item (ii) or the foreign corporation listed in paragraph (5), item (iv) and their place of domicile located outside Japan.
- (8) Where the head of the business office, etc. of a specified book-entry institution, etc. or the head of the specified overseas business office, etc. of a foreign intermediary has made a confirmation under the provisions of Article 26-18, paragraph (6) of the Order for Enforcement, the head must, pursuant to the provisions of paragraph (8) of the same Article, clarify the fact that the head has made the confirmation, by entering in the books prescribed in the same

- paragraph the name of the document listed in each item of paragraph (2) of the same Article that was presented upon the submission of the written notice prescribed in Article 41-12, paragraph (12) of the Act or the document prescribed in Article 26-18, paragraph (4) of the Order for Enforcement.
- (9) The head of the business office, etc. of a specified book-entry institution, etc. or the head of the specified overseas business office, etc. of a foreign intermediary must preserve the books prescribed in Article 26-18, paragraph (8) of the Order for Enforcement, for five years from the year following the year that includes the date of the closing of the books.
- (10) The head of the business office, etc. of a specified book-entry institution, etc. must preserve the written notice prescribed in Article 41-12, paragraph (12) of the Act, the document prescribed in Article 26-18, paragraph (4) of the Order for Enforcement, and the document prescribed in Article 26-18, paragraph (7) of the Order for Enforcement that the head has received, for five years from the year following the year that includes the day on which the head received the documents.
- (11) For the purpose of application of the provisions of paragraphs (4) to (7) with regard to the identification document set forth in Article 41-12, paragraph (17) of the Act that a person who gives the notice set forth in Article 41-12, paragraph (17) of the Act is required to present pursuant to the provisions of Article 41-12, paragraph (17) of the Act: in paragraph (4), item (i), the term "Article 41-12, paragraph (12)" is deemed to be replaced with "Article 41-12, paragraph (17)", the phrase "head of the business office, etc. of the specified book-entry institution, etc. prescribed in Article 41-12, paragraph (12) of the Act (hereinafter referred to as the 'head of the business office, etc. of the specified book-entry institution, etc.' in this paragraph to paragraph (10)) or the head of the specified overseas business office, etc. of the foreign intermediary prescribed in Article 41-12, paragraph (12) of the Act (hereinafter referred to as the 'head of the specified overseas business office, etc. of the foreign intermediary' in this paragraph to paragraph (9))" is deemed to be replaced with "payer prescribed in Article 41-12, paragraph (17) of the Act (hereinafter referred to as the 'payer' in this paragraph and the following paragraph)", and the phrase "head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary" is deemed to be replaced with "payer", in paragraph (5), item (i), the phrase "head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary" is deemed to be replaced with "payer"; in paragraph (6), the phrase "the written notice set forth in Article 41-12, paragraph (12) of the Act is submitted under the provisions of Article 41-12, paragraph (12) of the Act or the document set forth in Article 26-18, paragraph



- (4) of the Order for Enforcement is submitted" is deemed to be replaced with "notice is given", and the phrase "the written notice or the document set forth in Article 26-18, paragraph (4) of the Order for Enforcement is submitted" is deemed to be replaced with "the notice is given", in paragraph (7), the phrase "making entries or records under the book-entry system prescribed in Article 41-12, paragraph (12) of the Act regarding" is deemed to be replaced with "receiving payment of consideration for the transfer of".
- (12) Where the payer prescribed in Article 41-12, paragraph (17) of the Act (referred to as the "payer" in the following paragraph) has made confirmation under the provisions of Article 26-19, paragraph (5) of the Order for Enforcement, the payer must, pursuant to the provisions of Article 26-19, paragraph (6) of the Order for Enforcement, clarify the fact that the payer has made the confirmation, by entering in the books prescribed in Article 26-19, paragraph (6) of the Order for Enforcement the name of the document listed in each item of Article 26-18, paragraph (2) of the Order for Enforcement that was presented upon the notice given under the provisions of Article 41-12, paragraph (17) of the Act.
- (13) The payer must preserve the books prescribed in Article 26-19, paragraph (6) of the Order for Enforcement, for five years from the year following the year that includes the date of the closing of the books.
- (14) The matters specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (18) of the Act, are the following:
- (i) the name and domicile, etc. of the person who receives payment of redemption money (meaning redemption money as prescribed in Article 41-12, paragraph (18) of the Act; the same applies in paragraph (1), item (iii), (c) and item (iv) of the following Article, and Article 19-6, paragraph (3), item (ii)) or interest (meaning interest as prescribed in Article 41-12, paragraph (18) of the Act; the same applies in paragraph (1), item (iii), (c) and item (iv) of the following Article, and Article 19-6, paragraph (3), item (ii)) of specified book-entry national government bonds, etc.;
  - (ii) the issue of the specified book-entry national government bonds, etc.;
  - (iii) where the person who receives the payment set forth in item (i) has made notification of the person's tax agent under the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes, the name and domicile of the tax agent;
  - (iv) other matters for reference.
- (15) For the purpose of the application of the provisions of paragraphs (4) to (7) with regard to the identification document set forth in Article 41-12, paragraph (18) of the Act that a person who submits the written notice set forth in Article 41-12, paragraph (18) of the Act is required to present pursuant to the provisions of Article 41-12, paragraph (18) of the Act: in paragraph (4), item (i),

the term "Article 41-12, paragraph (12)" is deemed to be replaced with "Article 41-12, paragraph (18)", the phrase "head of the business office, etc. of the specified book-entry institution, etc. prescribed in Article 41-12, paragraph (12) of the Act (hereinafter referred to as the 'head of the business office, etc. of the specified book-entry institution, etc.' in this paragraph to paragraph (10)) or the head of the specified overseas business office, etc. of the foreign intermediary prescribed in Article 41-12, paragraph (12) of the Act (hereinafter referred to as the 'head of the specified overseas business office, etc. of the foreign intermediary' in this paragraph to paragraph (9))" is deemed to be replaced with "person in charge of handling payment prescribed in Article 41-12, paragraph (18) of the Act (hereinafter referred to as the 'person in charge of handling payment' in this paragraph and the following paragraph)", and the phrase "head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary" is deemed to be replaced with "person in charge of handling payment", in paragraph (5), item (i), the phrase "head of the business office, etc. of the specified book-entry institution, etc. or the head of the specified overseas business office, etc. of the foreign intermediary" is deemed to be replaced with "person in charge of handling payment", in paragraph (6), the phrase "Article 41-12, paragraph (12) of the Act" is deemed to be replaced with "Article 41-12, paragraph (18) of the Act", the phrase "the written notice set forth in Article 41-12, paragraph (12) of the Act is submitted under the provisions of Article 41-12, paragraph (12) of the Act or the document set forth in Article 26-18, paragraph (4) of the Order for Enforcement is submitted" is deemed to be replaced with "the written notice set forth in Article 41-12, paragraph (18) of the Act is submitted", and the phrase "the written notice or the document set forth in Article 26-18, paragraph (4) of the Order for Enforcement is submitted" is deemed to be replaced with "the written notice is submitted", in paragraph (7), the phrase "Article 41-12, paragraph (12) of the Act" is deemed to be replaced with "Article 41-12, paragraph (18) of the Act", and the phrase "making entries or records under the book-entry system" is deemed to be replaced with "receiving payment of redemption money or interest".

(16) Where the person in charge of handling payment prescribed in Article 41-12, paragraph (18) of the Act (referred to as the "person in charge of handling payment" in the following paragraph and paragraph (18)) has made confirmation under the provisions of Article 26-20, paragraph (5) of the Order for Enforcement, the person must, pursuant to the provisions of Article 26-20, paragraph (6) of the Order for Enforcement, clarify the fact that the person has made the confirmation, by entering in the books prescribed in Article 26-20, paragraph (6) of the Order for Enforcement the name of the document listed in each item of Article 26-18, paragraph (2) of the Order for Enforcement that was

presented upon the submission of the written notice prescribed in Article 41-12, paragraph (18) of the Act.

- (17) The person in charge of handling payment must preserve the books prescribed in Article 26-20, paragraph (6) of the Order for Enforcement, for five years from the year following the year that includes the date of the closing of the books.
- (18) The person in charge of handling payment must preserve the written notice prescribed in Article 41-12, paragraph (18) of the Act that the person has received, for five years from the year following the year that includes the day on which the person received the written notice.
- (19) The format for the written notice prescribed in Article 41-12, paragraph (12) and paragraph (18) of the Act is as specified in Appended Table 9 (2).

(Matters to Be Entered in the Books by a Foreign Intermediary Regarding Entries or Records Under the Book-Entry System)

Article 19-5-2 (1) The matters specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (15) and paragraph (16) of the Act, are the following matters regarding the person who makes entries or records under the book-entry system prescribed in those provisions:

- (i) the name and domicile, etc. of the person who makes the entries or records under the book-entry system;
- (ii) the issue of the specified book-entry national government bonds, etc. for which the person who makes the entries or records under the book-entry system has made entries or records under the book-entry system (meaning entries or records under the book-entry system as prescribed in Article 41-12, paragraph (9) of the Act; the same applies in the following item and item (v)) through the foreign intermediary (meaning a foreign intermediary as prescribed in Article 41-12, paragraph (12) of the Act; hereinafter the same applies in this paragraph and the following paragraph);
- (iii) the matters specified in the following for the respective cases listed therein:
  - (a) where the person who makes the entries or records under the book-entry system has acquired the specified book-entry government bonds, etc. for which the person is to make entries or records under the book-entry system through the foreign intermediary: The day on which entries or records under the book-entry system are made regarding the acquisition;
  - (b) where the person who makes the entries or records under the book-entry system has transferred the specified book-entry national government bonds, etc. prescribed in the preceding item: The day on which entries or records under the book-entry system are made regarding the transfer;
  - (c) where the person who makes the entries or records under the book-entry

- system has received payment of redemption money or interest on the specified book-entry national government bonds, etc. prescribed in the preceding item: The day on which entries or records under the book-entry system are made regarding the payment of redemption money or interest;
- (d) where the person who makes the entries or records under the book-entry system has made the change prescribed in Article 26-18, paragraph (4) of the Order for Enforcement: The day on which entries or records under the book-entry system are made regarding the change;
- (iv) the day on which redemption money or interest is to be received for each issue of the specified book-entry national government bonds, etc. prescribed in item (ii), and the amount to be received;
- (v) where the person who makes the entries or records under the book-entry system has acquired the specified book-entry government bonds, etc. prescribed in item (ii) during the period after the date of issuance and before the date of redemption (including retirement by purchase), the name of the specified book-entry institution, etc. (meaning a specified book-entry institution, etc. prescribed in Article 41-12, paragraph (16) of the Act; the same applies in paragraph (3) and paragraph (4)) through which the person who held the specified book-entry national government bonds, etc. before acquisition made entries or records under the book-entry system regarding those bonds (in the case where entries or records under the book-entry system regarding the specified book-entry national government bonds, etc. were made through a foreign intermediary, the name of the foreign intermediary is included);
- (vi) where the person who makes the entries or records under the book-entry system is a nonresident listed in paragraph (2), item (i) or item (ii) of the preceding Article, the nonresident's place of domicile or place of residence located outside Japan;
- (vii) where the person who makes the entries or records under the book-entry system is a foreign corporation listed in paragraph (2), item (iv) of the preceding Article, the location of the foreign corporation's head office or principal office located outside Japan;
- (viii) other matters for reference.
- (2) A foreign intermediary must preserve the books prescribed in Article 26-18-2, paragraph (1) of the Order for Enforcement that it has prepared, for five years from the year following the year that includes the date of the closing of the books.
- (3) The means specified by Ministry of Finance Order, prescribed in Article 26-18-2, paragraph (3) of the Order for Enforcement, are the means of using an electronic data processing system as prescribed in Article 2, item (i) of the Ministerial Order on Special Provisions on Government Bond Registration

Procedures Handled by an Electronic Data Processing System or any other information and communications technology (limited to the means whereby it is possible to confirm that the participants in the electronic data processing system are limited to a certain scope of persons or whereby it is possible for the specified book-entry institution, etc. receiving the notice to confirm, by means of ciphers, codes, or other specific marks, that the person who has given the notice is the foreign intermediary of the specified book-entry institution, etc.).

- (4) A specified book-entry institution, etc. must preserve the books set forth in Article 26-18-2, paragraph (4) of the Order for Enforcement that it has prepared, for five years from the year following the year that includes the day on which it entered or recorded in the books the matters of which it received the notice.

(Matters to Be Stated in the Payment Records for Consideration for Transfer of or Redemption Money for Specified Book-Entry Government Bonds)

Article 19-6 (1) The matters specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (21) of the Act, are the following:

- (i) the name and domicile, etc. of the person who receives payment;
- (ii) the amount of consideration for the transfer of specified book-entry government bonds, etc. for which payment has been determined by the end of the relevant year (in the case where approval has been obtained as set forth in Article 41-12, paragraph (21) of the Act, the amount of consideration for the transfer of specified book-entry national government bonds, etc. for which payment has been determined), and the day on which the amount has been determined;
- (iii) the basis for calculation of the amount of consideration set forth in the preceding item;
- (iv) the issue of the specified book-entry national government bonds, etc. set forth in item (ii);
- (v) where the tax agent designated in the notification made by the person who receives payment pursuant to the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes is ascertained, the tax agent's name and domicile or residence;
- (vi) other matters for reference.

(2) The matters specified by Ministry of Finance Order, prescribed in Article 26-21, paragraph (2) of the Order for Enforcement, are the following:

- (i) the name and location of the corporation which submits the written application prescribed in Article 26-21, paragraph (2) of the Order for Enforcement;
- (ii) a statement to the effect that approval set forth in Article 41-12, paragraph (21) of the Act is sought;

- (iii) other matters for reference.
- (3) The matters specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (22) of the Act, are the following:
  - (i) the name and domicile, etc. of the person who receives payment;
  - (ii) the amount of redemption money or interest on specified book-entry national government bonds, etc. which has been paid by the end of the relevant year (in the case where approval has been obtained as set forth in Article 41-12, paragraph (22) of the Act, the amount of redemption money or interest on specified book-entry national government bonds, etc. which has been paid), and the day on which the amount has been paid;
  - (iii) the issue of the specified book-entry national government bonds, etc. set forth in the preceding item;
  - (iv) where the tax agent designated in the notification made by the person who receives payment pursuant to the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes is ascertained, the tax agent's name and domicile or residence;
  - (v) other matters for reference.
- (4) The matters specified by Ministry of Finance Order, prescribed in Article 26-21, paragraph (4) of the Order for Enforcement, are the following:
  - (i) the name and location of the person who submits the written application prescribed in Article 26-21, paragraph (4) of the Order for Enforcement;
  - (ii) a statement to the effect that the approval set forth in Article 41-12, paragraph (22) of the Act is sought;
  - (iii) other matters for reference.
- (5) The matters specified by Ministry of Finance Order, prescribed in Article 26-21, paragraph (6) of the Order for Enforcement, are the following:
  - (i) the name and location of the person who submits the written application prescribed in Article 26-21, paragraph (6) of the Order for Enforcement;
  - (ii) a statement to the effect that the approval set forth in Article 41-12, paragraph (23) of the Act is sought;
  - (iii) the type of the optical disk, etc. as prescribed in Article 41-12, paragraph (23) of the Act;
  - (iv) the specifications of the optical disk, etc. as prescribed in Article 41-12, paragraph (23) of the Act;
  - (v) other matters for reference.
- (6) The recording medium specified by Ministry of Finance Order, prescribed in Article 41-12, paragraph (23) of the Act, is an optical disk, magnetic tape or magnetic disk.
- (7) The formats for the payment records for consideration for the transfer of specified book-entry national government bonds, etc. prescribed in Article 41-12, paragraph (21) of the Act and for the payment records for redemption

money, etc. of specified book-entry national government bonds, etc. prescribed in paragraph (22) of the same Article are as specified in Appended Table 9 (3) and Appended Table 9 (4), respectively.

(Special Provisions on Withholding at the Source for Remuneration Paid by a Tax-Exempt Entertainment Corporation to Entertainers for Their Provision of Services)

Article 19-12 The matters specified by Ministry of Finance Order, prescribed in Article 27, paragraph (3) of the Order for Enforcement, are the following:

- (i) the name, nationality and domicile of the person who receives payment of consideration, or the person's name or the location of its head office or principal office or the location of the place where its business is managed and controlled;
- (ii) the day on which the person who pays consideration commenced the business that is mainly intended to provide the services of entertainers, etc. prescribed in Article 42, paragraph (1) of the Act in Japan;
- (iii) the name of the person who pays consideration and the person's domicile or residence, or the person's name and the location of its head office or principal office;
- (iv) other matters for reference.

(Special Provisions on Taxation on the Interest Received by a Foreign Financial Institution from Bond Transactions with Repurchase/Resale Agreements)

Article 19-13 (1) The place specified by Ministry of Finance Order, prescribed in Article 42-2, paragraph (5) of the Act, is, in the case of a foreign corporation with a permanent establishment in Japan as prescribed in Article 42-2, paragraph (5) of the Act, the location of the foreign corporation's office, place of business or any other place equivalent thereto as prescribed in Article 17, item (i) of the Corporation Tax Act (in the case where there are two or more of those places, the principal one; in the case where the foreign corporation has made the registration under the provisions of Article 933, paragraph (1) of the Companies Act or Article 37, paragraph (1) of the Civil Code, its office, place of business, or any other equivalent place thus registered).

(2) The matters specified by Ministry of Finance Order to be stated in the written application for a tax exemption, prescribed in Article 42-2, paragraph (5) of the Act (hereinafter referred to as the "written application for a tax exemption" in this Article), are the following:

- (i) the name of the foreign financial institution, etc. prescribed in Article 42-2, paragraph (1) of the Act (hereinafter referred to as the "foreign financial institution, etc." in this Article) which submits the written application for a

- tax exemption, and the location of its head office or principal office (or the place specified in the preceding paragraph in the case of the foreign corporation prescribed in the same paragraph); hereinafter referred to as the "location, etc." in this Article);
- (ii) where a bond transaction with a repurchase/resale agreement prescribed in Article 42-2, paragraph (1) of the Act (hereinafter referred to as a "bond transaction with a repurchase/resale agreement" in this Article) is conducted via any business office or other office (hereinafter referred to as a "business office, etc." in this Article) other than the head office or principal office of the foreign financial institution, etc., the name and location of the business office, etc.;
  - (iii) a statement to the effect that the foreign financial institution, etc. which submits the written application for a tax exemption seeks the application of the provisions of Article 42-2, paragraph (1) of the Act with regard to the specified interest prescribed in Article 42-2, paragraph (1) of the Act (hereinafter referred to as "specified interest" in this Article) paid by the specified financial institution, etc. (meaning the specified financial institution, etc. prescribed in Article 42-2, paragraph (1) of the Act; hereinafter the same applies in this Article) via which the foreign financial institution, etc. submits the written application for a tax exemption;
  - (iv) a statement to the effect that the foreign financial institution, etc. (limited to the foreign corporation listed in Article 42-2, paragraph (4), item (i), (a) of the Act) which submits the written application for a tax exemption does not fall under any of the categories of foreign corporations listed in the items of paragraph (2) of the same Article);
  - (v) the name and location of the specified financial institution, etc. via which the written application for a tax exemption is submitted, and the name and location of the office, etc. (meaning the office, etc. prescribed in Article 27-2, paragraph (6) of the Order for Enforcement; the same applies in paragraph (3)) of the specified financial institution, etc. at which the written application for a tax exemption is received;
  - (vi) where the bond transaction with a repurchase/resale agreement is conducted via a business office, etc. other than the head office or principal office of the specified financial institution, etc. which pays the specified interest, the name and location of the business office, etc.;
  - (vii) where the foreign financial institution, etc. which submits the written application for a tax exemption is a foreign corporation prescribed in the preceding paragraph, the location of the foreign corporation's head office or principal office located outside Japan;
  - (viii) where the foreign financial institution, etc. which submits the written application for a tax exemption has made notification of its tax agent



pursuant to the provisions of Article 117, paragraph (2) of the Act on General Rules for National Taxes, the name and domicile of the tax agent (in the case where the tax agent does not have domicile in Japan, the tax agent's residence);

(ix) other matters for reference.

(3) The document specified by Ministry of Finance Order, prescribed in Article 27-2, paragraph (9) of the Order for Enforcement, is the document specified in the following items for the categories of foreign corporations listed in the respective items (limited to the document stating the foreign corporation's name and the location of its head office or principal office or the place prescribed in paragraph (1)):

(i) a foreign corporation prescribed in paragraph (1): Any of the following documents of the foreign corporation:

(a) a certificate of registered matters pertaining to the registration prescribed in paragraph (1) of the foreign corporation or a seal registration certificate (limited to any of those documents issued within six months prior to the day on which it is presented to the head of the office, etc. of the specified financial institution, etc. which pays the specified interest);

(b) a receipt for national tax or local tax, a certificate of tax payment or a receipt for social insurance premiums (meaning the insurance premiums, benefits or installments listed in the items of Article 74, paragraph (2) of the Income Tax Act) (limited to any of those documents bearing a stamp of the date of receipt or an entry of the date of issuance, with the date falling within six months prior to the day on which it is presented to the head of the office, etc. of the specified financial institution, etc. which pays the specified interest);

(ii) a foreign corporation other than the foreign corporation listed in the preceding item: A document issued by a public agency or any other document similar thereto (limited to any of those documents prepared within six months prior to the day on which it is presented to the head of the office, etc. of the specified financial institution, etc. which pays the specified interest).

(4) Where a specified financial institution, etc. has received a written application for a tax exemption or a written application prescribed in Article 42-2, paragraph (8) of the Act (hereinafter referred to as a "written application for a tax exemption, etc." in this paragraph and the following paragraph) which has been submitted by a foreign financial institution, etc. regarding the specified interest, it must prepare a copy of the written application for a tax exemption (including any object equivalent thereto; the same applies in the following paragraph).

(5) A specified financial institution, etc. must compile the copies of written applications for tax exemption, etc. prescribed in the preceding paragraph that

it has prepared pursuant to the provisions of the same paragraph, by the name of the foreign financial institution, etc. which submits the written applications for tax exemption, etc., and preserve those copies for five years from the day on which two months have elapsed from the day following the last day of the business year that includes the day on which it paid specified interest last to the foreign financial institution, etc. which submits the written application for a tax exemption, etc.

(6) The matters specified by Ministry of Finance Order which should be stated in a written application, prescribed in Article 42-2, paragraph (8) of the Act, are the following:

- (i) the name and location, etc. of the foreign financial institution, etc. which submits the written application or the name and location of its business office, etc.;
- (ii) the initial name or location, etc. of the foreign financial institution, etc. which submits the written application prior to the change prescribed in Article 42-2, paragraph (8) of the Act, and its new name or location, etc. after the change;
- (iii) the name and location of the head office or principal office or business office, etc. of the specified financial institution, etc. at which the written application is received;
- (iv) the date of submission of the written application for a tax exemption that was submitted via the specified financial institution, etc. set forth in the preceding item;
- (v) other matters for reference.

(7) The matters specified by Ministry of Finance Order, prescribed in Article 42-2, paragraph (10) of the Act, are the following:

- (i) the name and location, etc. of the foreign financial institution, etc. which has submitted a written application for a tax exemption, or the name and location of its business office, etc.;
- (ii) the day on which the written application for a tax exemption submitted by the foreign financial institution, etc. was received;
- (iii) the day on which the contract bond transaction with a repurchase/resale agreement was concluded;
- (iv) the issue, quantity and unit price of the bonds pertaining to a bond transaction with a repurchase/resale agreement;
- (v) the date of payment of the specified interest to which the provisions of Article 42-2, paragraph (1) of the Act is applied, and the amount subject to those provisions;
- (vi) the date of transfer or purchase of the bonds pertaining to a transaction with a repurchase/resale agreement, and the date of repurchase or resale of the bonds;

- (vii) where the person who has submitted the written application for a tax exemption falls under the category of a foreign corporation prescribed in paragraph (1), the location of the foreign corporation's head office or principal office located outside Japan;
  - (viii) other matters for reference.
- (8) A specified financial institution, etc. must preserve the books prescribed in Article 27-2, paragraph (12) of the Order for Enforcement that it has prepared, for five years from the day on which two months have elapsed from the day following the last day of the business year that includes the date of the closing of the books.

### **Chapter III Special Provisions on the Corporation Tax Act**

(Matters to Be Stated in a Written Statement Concerning Foreign Affiliates)

Article 22-10 The matters specified by Ministry of Finance Order, prescribed in Article 66-4, paragraph (15) of the Act, are the following:

- (i) the circumstances in which the person who conducts the transaction prescribed in Article 66-4, paragraph (1) of the Act with the corporation set forth in paragraph (15) of the same Article falls under the category of a foreign affiliate (meaning a foreign affiliate as prescribed in paragraph (1) of the same Article, and including a non-affiliate as prescribed in paragraph (6) of the same Article in the case where the same paragraph applies; hereinafter the same applies in this Article) of the corporation;
- (ii) the amount of stated capital or capital contributions and the number of employees of the foreign affiliate of the corporation set forth in Article 66-4, paragraph (15) of the Act as of the end of the relevant business year of the corporation, as well as the content of the principal business conducted by the foreign affiliate;
- (iii) the amounts of operating income, operating expenses, operating profit, net income before taxes, and earned surplus for the business year of the foreign affiliate of a corporation as set forth in Article 66-4, paragraph (15) of the Act which ends on the most recent day prior to the end of the relevant business year of the corporation;
- (iv) the total amount, by type of transaction, of consideration paid to a corporation as set forth in Article 66-4, paragraph (15) of the Act in the relevant business year from the foreign affiliate of the corporation, or the total amount, by type of transaction, of the amount of consideration paid by the corporation to the foreign affiliate;
- (v) the method of calculation chosen by the corporation set forth in Article 66-4, paragraph (15) of the Act from among the methods of calculation prescribed in paragraph (2) of the same Article, in order to calculate the arm's length

price (meaning the arm's length price prescribed in paragraph (1) of the same Article; the same applies in the following item) pertaining to the amount of consideration prescribed in the preceding item (in the case where two or more methods of calculation are chosen for one type of transaction, the principal method of calculation);

- (vi) whether or not the method of calculation for the arm's length price pertaining to the amount of consideration prescribed in item (iv) has been confirmed by the regional commissioner of the Regional Taxation Bureau or the district director of the tax office with jurisdiction over the place of tax payment of the corporation set forth in Article 66-4, paragraph (15) of the Act or by the competent authority of the state where the head office or principal office of the foreign affiliate of the corporation is located;
- (vii) other matters for reference.

(Application Documents for a Grace Period for Tax Payment Under the Special Provisions on Taxation of Transactions with a Foreign Affiliate)

Article 22-10-2 The documents specified by Ministry of Finance Order, prescribed in Article 39-12-2, paragraph (3) of the Order for Enforcement, are the following:

- (i) a document certifying that the objection set forth in Article 66-4-2, paragraph (1) of the Act has been filed;
- (ii) a document showing that the amount listed in Article 39-12-2, paragraph (1), item (i) of the Order for Enforcement is the amount of corporation tax payable based on the reassessment or determination listed in Article 66-4, paragraph (16), item (i) of the Act, and that it is covered by the mutual agreement procedure prescribed in the tax convention (meaning the convention prescribed in Article 139 of the Corporation Tax Act) with the other Contracting State prescribed in Article 66-4, paragraph (19) of the Act which pertains to the objection set forth in the preceding item;
- (iii) where the case prescribed in Article 39-12-2, paragraph (3), item (iv) of the Order for Enforcement applies, an authenticated copy of a certificate of deposit, the documents necessary for the establishment of the mortgage, a document certifying guarantee by the guarantor, and other documents concerning the provision of security.

(Amount to Be Deducted from the Amount of Total Liabilities of Similar Corporations Under the Special Provisions on Taxation of the Interest on Liabilities Payable to a Foreign Controlling Shareholder)

Article 22-10-3 The amount specified by Ministry of Finance Order, prescribed in Article 39-13, paragraph (10) of the Order for Enforcement, is either of the amounts listed in the following as recorded in the balance sheet as of the end of

the business year or consolidated business year pertaining to the amount of total liabilities set forth in Article 39-13, paragraph (10) of the Order for Enforcement, whichever is smaller:

- (i) the amount of borrowings (limited to those which can be the cause of payment of interest; hereinafter the same applies in this item) for a bond transaction with a repurchase/resale agreement, etc. (meaning a bond transaction with a repurchase/resale agreement as prescribed in Article 42-2, paragraph (1) of the Act and a cash-secured bond lending transaction as prescribed in Article 66-5, paragraph (4), item (viii) of the Act; hereinafter the same applies in this Article) (in the case where the amount of borrowings for the bond transaction with a repurchase/resale agreement, etc. is not separated from the amount of other borrowings, the amount including the amount of borrowings for the bond transaction with a repurchase/resale agreement, etc. as recorded in the account title);
- (ii) the amount of loans (limited to those which can be the cause of receipt of interest; hereinafter the same applies in this item) for a bond transaction with a repurchase/resale agreement, etc. (in the case where the amount of loans for the bond transaction with a repurchase/resale agreement, etc. is not separated from the amount of other loans, the amount including the amount of loans for the bond transaction with a repurchase/resale agreement, etc. as recorded in the account title).

(Documents to Be Attached for the Inclusion in Gross Profits of the Retained Income of a Domestic Corporation's Specified Foreign Subsidiary)

- Article 22-11 (1) The tax-burden base specified by Ministry of Finance Order, prescribed in Article 39-16, paragraph (1), item (ii), (a) of the Order for Enforcement, is a tax burden imposed at the tax rate of 25 percent.
- (2) The documents specified by Ministry of Finance Order, prescribed in Article 66-6, paragraph (5) of the Act, are the documents listed in the following items which pertain to the specified foreign subsidiary, etc. prescribed in Article 66-6, paragraph (5) of the Act (hereinafter referred to as the "specified foreign subsidiary, etc." in this Article) (in the case where the documents listed in those items are prepared by means of electronic or magnetic records (meaning records made in an electronic form, a magnetic form, or any other form not recognizable to human perception, which are used in information processing by computers; hereinafter the same applies in this paragraph) or where electronic or magnetic records containing the information to be stated in the documents listed in those items are prepared instead of those documents, the documents stating the content of the information contained in these electronic or magnetic records):
- (i) the balance sheet and profit and loss statement prescribed in Article 66-6,

- paragraph (5) of the Act;
  - (ii) a statement of changes in net assets, a statement on the appropriation of profit and loss, and any other similar documents for each business year;
  - (iii) a statement classified by account title pertaining to the documents listed in item (i);
  - (iv) a copy of the return form for each business year regarding a tax imposed under the laws and regulations of the state of the head office prescribed in Article 39-15, paragraph (2) of the Order for Enforcement;
  - (v) a document stating the names of shareholders, etc. (meaning shareholders, etc. as prescribed in Article 2, item (xiv) of the Corporation Tax Act; the same applies in the following item) as of the end of each business year and their domiciles or the location of their head offices or principal offices, as well as the number or amount of issued shares or capital contributions held thereby;
  - (vi) a document listed in the preceding item concerning the shareholder, etc., as of the end of each business year, of the second foreign corporation prescribed in Article 39-16, paragraph (5), item (i) of the Order for Enforcement which pertains to the specified foreign subsidiary, etc. of a domestic corporation as prescribed in Article 66-6, paragraph (5) of the Act, and the shareholder, etc. of the second foreign corporation and of the foreign corporations related by capital contribution prescribed in Article 39-16, paragraph (5), item (ii) of the Order for Enforcement, as of that day.
- (3) The matters specified by Ministry of Finance Order, prescribed in Article 66-8, paragraph (5) and paragraph (6) of the Act, are the following:
- (i) the name of the specified foreign subsidiary, etc. and the location of its head office or principal office;
  - (ii) any part of the amount of foreign corporation tax (meaning foreign corporation tax as prescribed in Article 66-7, paragraph (1) of the Act) pertaining to the taxed amount of retained income prescribed in Article 66-8, paragraph (1) of the Act, which was deemed to be payable by the domestic corporation of the specified foreign subsidiary, etc. pursuant to the provisions of Article 66-7, paragraph (1) of the Act, and which was used as the basis for the calculation of the amount to be credited as provided for under Article 69, paragraphs (1) to (3) of the Corporation Tax Act pursuant to the provisions of Article 66-7, paragraph (1) of the Act;
  - (iii) other matters for reference.
- (4) The detailed statements to be attached to a final return form prescribed in Article 39-15, paragraph (7) of the Order for Enforcement pursuant to the provisions of Article 39-15, paragraph (7) of the Order for Enforcement are detailed statements prepared in formats equivalent to the formats specified in Appended Table 9 (4), Appended Tables 11 (1) to 11 (2), Appended Table 12

(11), Appended Table 12 (12), Appended Tables 13 (1) to 13 (3), Appended Table 13 (5), Appended Table 14 (3), and Appended Tables 16 (1) to 16 (5) of the Regulation for Enforcement of the Corporation Tax Act.

(Foreign Corporations Eligible to Have Interest from Deposits That Are Managed in a Special International Financial Transactions Account Excluded from Taxation)

Article 22-18 A foreign corporation which has been certified pursuant to the provisions of an Ministry of Finance Order, prescribed in Article 67-11, paragraph (1) of the Act, is a foreign corporation which has been certified as falling under the category of nonresident prescribed in Article 21, paragraph (3) of the Foreign Exchange and Foreign Trade Act, by obtaining a confirmation that it falls under the category of nonresident set forth in Article 11-2, paragraph (9) of the Foreign Exchange Order by the method prescribed in Article 11-2, paragraph (9) of the same Order.

(Special Provisions on Taxation of Specific Purpose Companies)

Article 22-18-4 (1)

- (2) A specific purpose company as prescribed in Article 67-14, paragraph (1) of the Act which has been subject to the provisions of paragraph (4) of the same Article must preserve the document prescribed in Article 39-32-2, paragraph (13) of the Order for Enforcement at the place of tax payment for seven years from the year following the year that includes the day on which the amount of foreign corporation tax prescribed in Article 67-14, paragraph (4) of the Act was credited pursuant to the provisions of Article 67-14, paragraph (4) of the Act.
- (3) The document specified by Ministry of Finance Order, prescribed in Article 39-32-2, paragraph (13) of the Order for Enforcement, is the following:
- (i) a document stating the explanation that the tax to be imposed under the laws and regulations of a foreign state for which application of the provisions of Article 67-14, paragraph (4) of the Act is sought falls under the category of foreign corporation tax prescribed in Article 67-14, paragraph (4) of the Act, and stating the details of the calculation of the amount of creditable foreign corporation tax prescribed in Article 39-32-2, paragraph (10) of the Order for Enforcement;
  - (ii) a copy of the return form pertaining to the tax prescribed in the preceding item which certifies that the amount of the tax has been imposed or any other substitute document, and a document certifying payment of the tax in the case where the tax has already been paid.

(Special Provisions on Taxation of Investment Corporations)

Article 22-19 (1)

- (4) An investment corporation prescribed in Article 67-15, paragraph (2) of the Act which has been subject to the provisions of paragraph (5) of the same Article must preserve the document prescribed in Article 39-32-3, paragraph (13) of the Order for Enforcement at the place of tax payment for seven years from the year following the year that includes the day on which the amount of foreign corporation tax prescribed in Article 67-15, paragraph (5) of the Act was credited pursuant to the provisions of Article 67-15, paragraph (5) of the Act.
- (5) The document specified by Ministry of Finance Order, prescribed in Article 39-32-3, paragraph (13) of the Order for Enforcement, is the following:
- (i) a document stating the explanation that the tax to be imposed under the laws and regulations of a foreign state for which the application of the provisions of Article 67-15, paragraph (5) of the Act is sought falls under the category of foreign corporation tax prescribed in Article 67-15, paragraph (5) of the Act, and stating the details of the calculation of the amount of creditable foreign corporation tax prescribed in Article 39-32-3, paragraph (10) of the Order for Enforcement;
  - (ii) a copy of the return form for the taxes prescribed in the preceding item which certifies that the amount of those taxes has been imposed or any other substitute document, and a document certifying payment of the taxes in the case where the taxes have already been paid.

(Special Provisions on Book-Entry Government Bonds in Separate Trading)

Article 22-19-2 The coupon-only book-entry government bonds resulting from the separate trading of principal and interest that has been conducted pursuant to the provisions of Ministry of Finance Order, prescribed in Article 67-17, paragraph (1) of the Act, are the coupon-only book-entry government bonds prescribed in Article 90, paragraph (3) of the Act on Book Entry of Corporate Bonds and Shares resulting from the separate trading of principal and interest prescribed in Article 90, paragraph (1) of the same Act that has been conducted for the STRIPS bonds prescribed in Article 2, paragraph (1) of the Ministerial Order on Designation of STRIPS Bonds in accordance with the provisions of Article 93 of the same Act.

(Special Provisions on Taxation of the Trust Corporation of a Special Purpose Trust)

Article 22-20-2 (1)

- (5) A trust corporation as prescribed in Article 4-7 of the Corporation Tax Act of a special purpose trust prescribed in Article 68-3-2, paragraph (1) of the Act which has been subject to the provisions of Article 68-3-2, paragraph (4) of the



Act must preserve the document prescribed in Article 39-35-2, paragraph (13) of the Order for Enforcement at the place of tax payment for seven years from the year following the year that includes the day on which the amount of foreign corporation tax prescribed in Article 68-3-2, paragraph (4) of the Act was credited pursuant to the provisions of Article 68-3-2, paragraph (4) of the Act.

- (6) The document specified by Ministry of Finance Order, prescribed in Article 39-35-2, paragraph (13) of the Order for Enforcement, is the following:
- (i) a document containing the explanation that the taxes to be imposed under the laws and regulations of a foreign state for which application of the provisions of Article 68-3-2, paragraph (4) of the Act is sought falls under the category of a foreign corporation tax prescribed in Article 68-3-2, paragraph (4) of the Act, and stating the details of the calculation of the amount of creditable foreign corporation taxes prescribed in Article 39-35-2, paragraph (10) of the Order for Enforcement;
  - (ii) a copy of the return form for the taxes prescribed in the preceding item which certifies that the amount of those taxes has been imposed or any other substitute document, and a document certifying payment of the taxes in the case where the taxes have already been paid.

(Special Provisions on Taxation of the Trust Corporation of a Special Investment Trust)

Article 22-20-3 (1)

- (4) A trust corporation prescribed in Article 4-7 of the Corporation Tax Act for the special purpose trust prescribed in Article 68-3-3, paragraph (1) of the Act which has been subject to the provisions of Article 68-3-3, paragraph (4) of the Act must preserve the document prescribed in Article 39-35-3, paragraph (12) of the Order for Enforcement at the place of tax payment for seven years from the year following the year that includes the day on which the amount of foreign corporation tax prescribed in Article 68-3-3, paragraph (4) of the Act was credited pursuant to the provisions of Article 68-3-3, paragraph (4) of the Act.
- (5) The document specified by Ministry of Finance Order, prescribed in Article 39-35-3, paragraph (12) of the Order for Enforcement, is the following:
- (i) a document containing the explanation that the tax to be imposed under the laws and regulations of a foreign state for which application of the provisions of Article 68-3-3, paragraph (4) of the Act is sought falls under the category of foreign corporation tax prescribed in Article 68-3-3, paragraph (4) of the Act, and stating the details of the calculation of the amount of creditable foreign corporation tax prescribed in Article 39-35-3, paragraph (9) of the Order for Enforcement;

- (ii) a copy of the return form for the taxes prescribed in the preceding item which certifies that the amount of those taxes has been imposed or any other substitute document, and a document certifying payment of the taxes in the case where the taxes have already been paid.

(Matters to Be Stated in a Written Statement Concerning the Foreign Affiliate of a Consolidated Corporation)

Article 22-74 (1) The matters specified by Ministry of Finance Order, prescribed in Article 68-88, paragraph (14) of the Act, are the following:

- (i) the circumstances in which the person who conducts a transaction prescribed in Article 68-88, paragraph (1) of the Act with a consolidated parent corporation or consolidated subsidiary corporation as set forth in paragraph (15) of the same Article falls under the category of a foreign affiliate (meaning a foreign affiliate as prescribed in paragraph (1) of the same Article, and including a non-affiliate as prescribed in paragraph (5) of the same Article in the case where the same paragraph applies; hereinafter the same applies in this Article) of the consolidated parent corporation or the category of a foreign affiliate of the consolidated subsidiary corporation;
- (ii) the amount of stated capital or capital contributions and the number of employees of the foreign affiliate of either the consolidated parent corporation or the consolidated subsidiary corporation set forth in Article 68-88, paragraph (14) of the Act as of the end of the relevant business year of either of these corporations, as well as the content of the principal business conducted by the foreign affiliate;
- (iii) the amounts of operating income, operating expenses, operating profit, net income before taxes and earned surplus for the business year of the foreign affiliate of either the consolidated parent corporation or the consolidated subsidiary corporation set forth in Article 68-88, paragraph (14) of the Act which ends on the most recent day prior to the end of the relevant business year of either of these corporations;
- (iv) the total amount, by type of transaction, of consideration paid to the consolidated parent corporation or the consolidated subsidiary corporation set forth in Article 68-88, paragraph (14) of the Act in the relevant business year from the foreign affiliate of either of these corporations, or the total amount, by type of transaction, of the amount of consideration paid by either of these corporations to the foreign affiliate;
- (v) the method of calculation chosen by either the consolidated parent corporation or the consolidated subsidiary corporation set forth in Article 68-88, paragraph (14) of the Act from among the methods of calculation prescribed in paragraph (2) of the same Article, in order to calculate the arm's length price (meaning the arm's length price prescribed in paragraph

- (1) of the same Article; the same applies in this Article) pertaining to the amount of consideration prescribed in the preceding item (in the case where two or more methods of calculation are chosen for one type of transaction, the principal method of calculation);
- (vi) whether or not the method of calculation for the arm's length price pertaining to the amount of consideration prescribed in item (iv) has been confirmed by the regional commissioner of the Regional Taxation Bureau or the district director of the tax office with jurisdiction over the place of tax payment of the consolidated parent corporation set forth in Article 68-88, paragraph (14) of the Act or by the competent authority of the state where the head office or principal office of the foreign affiliate of the consolidated parent corporation or the foreign affiliate of the consolidated subsidiary corporation is located;
- (vii) other matters for reference.
- (2) The matters specified by Ministry of Finance Order, prescribed in Article 68-88, paragraph (15) of the Act, are the following:
- (i) the circumstances in which the person who conducts a transaction as prescribed in Article 68-88, paragraph (1) of the Act with a consolidated subsidiary corporation as set forth in paragraph (15) of the same Act falls under the category of foreign affiliate of the consolidated subsidiary corporation;
- (ii) the amount of stated capital or capital contribution and the number of employees of the foreign affiliate of the consolidated subsidiary corporation set forth in Article 68-88, paragraph (15) of the Act as of the end of the relevant business year of the consolidated subsidiary corporation, as well as the content of the principal business conducted by the foreign affiliate;
- (iii) the amounts of operating income, operating expenses, operating profit, net income before taxes and earned surplus for the business year of the foreign affiliate of a consolidated subsidiary corporation as set forth in Article 68-88, paragraph (15) which ends on the most recent day prior to the end of the relevant business year of the consolidated subsidiary corporation;
- (iv) the total amount, by type of transaction, of consideration paid to a consolidated subsidiary corporation as set forth in Article 68-88, paragraph (15) in the relevant business year from the foreign affiliate of the consolidated subsidiary corporation, or the total amount, by type of transaction, of the amount of consideration paid by the consolidated subsidiary corporation to its foreign affiliate;
- (v) the method of calculation chosen by a corporation as set forth in Article 68-88, paragraph (15) of the Act from among the methods of calculation prescribed in paragraph (2) of the same Article, in order to calculate the arm's length price pertaining to the amount of consideration prescribed in

- the preceding item (in the case where two or more methods of calculation are chosen for one type of transaction, the principal method of calculation);
- (vi) whether or not the method of calculation for the arm's length price pertaining to the amount of consideration prescribed in item (iv) has been confirmed by the regional commissioner of the Regional Taxation Bureau or the district director of the tax office with jurisdiction over the place of tax payment of a consolidated parent corporation that has the consolidated full controlling interest with the consolidated subsidiary corporation as set forth in Article 68-88, paragraph (15) of the Act or by the competent authority of the state where the head office or principal office of the foreign affiliate of the consolidated subsidiary corporation is located;
- (vii) other matters for reference.

(Application Documents for a Grace Period for Tax Payment Under the Special Provisions on Taxation of Transactions with the Foreign Affiliate of a Consolidated Corporation)

Article 22-75 The documents specified by Ministry of Finance Order, prescribed in Article 39-112-2, paragraph (3) of the Order for Enforcement, are the following:

- (i) a document certifying that the objection set forth in Article 68-88-2, paragraph (1) of the Act has been filed;
- (ii) a document showing that the amount listed in Article 39-112-2, paragraph (1), item (i) of the Order for Enforcement is the amount of corporation tax payable based on the reassessment or determination listed in Article 68-88, paragraph (16), item (i) of the Act, and that it is covered by the mutual agreement procedure prescribed in the tax convention (meaning the convention prescribed in Article 139 of the Corporation Tax Act) with the other Contracting State as prescribed in Article 68-88, paragraph (19) of the Act which pertains to the objection set forth in the preceding item;
- (iii) where the case prescribed in Article 39-112-2, paragraph (3), item (iv) of the Order for Enforcement applies, an authenticated copy of a certificate of deposit, the documents necessary for the establishment of the mortgage, a document certifying guarantee by the guarantor, and other documents concerning the provision of security.

(Amount to Be Deducted from the Amount of Total Liabilities of Similar Corporations Under the Special Provisions on Taxation of the Interest on Liabilities Payable to the Foreign Controlling Shareholder of a Consolidated Corporation)

Article 22-75-2 The amount specified by Ministry of Finance Order, prescribed in Article 39-113, paragraph (10) of the Order for Enforcement, is either of the

amounts listed in the following as recorded in the balance sheet as of the end of the business year or the consolidated business year pertaining to the amount of total liabilities set forth in Article 39-113, paragraph (10) of the Order for Enforcement, whichever is smaller:

- (i) the amount of borrowings (limited to those which can be the cause of payment of interest; hereinafter the same applies in this item) for a bond transaction with a repurchase/resale agreement, etc. (meaning a bond transaction with a repurchase/resale agreement as prescribed in Article 42-2, paragraph (1) of the Act and a cash-secured bond lending transaction as prescribed in Article 66-5, paragraph (4), item (viii) of the Act; hereinafter the same applies in this Article) (in the case where the amount of borrowings for the bond transaction with a repurchase/resale agreement, etc. is not separated from the amount of other borrowings, the amount including the amount of borrowings for the bond transaction with a repurchase/resale agreement, etc. as recorded in the account title);
- (ii) the amount of loans (limited to those which can be the cause of receipt of interest; hereinafter the same applies in this item) for a bond transaction with a repurchase/resale agreement, etc. (in the case where the amount of loans for the bond transaction with a repurchase/resale agreement, etc. is not separated from the amount of other loans, the amount including the amount of loans for the bond transaction with a repurchase/resale agreement, etc. as recorded in the account title).

(Documents to Be Attached for the Inclusion in Gross Profits of the Retained Income of the Specified Foreign Subsidiary of a Consolidated Corporation)

Article 22-76 (1) The tax-burden base specified by Ministry of Finance Order, prescribed in Article 39-116, paragraph (1), item (ii), (a) of the Order for Enforcement, is a tax burden imposed at the tax rate of 25 percent.

- (2) The documents specified by Ministry of Finance Order, prescribed in Article 68-90, paragraph (5) of the Act, are the documents listed in the following items which pertain to a specified foreign subsidiary, etc. as prescribed in Article 68-90, paragraph (5) of the Act (hereinafter referred to as the "specified foreign subsidiary, etc." in this Article) (in the case where the documents listed in those items are prepared by means of electronic or magnetic records (meaning records made in an electronic form, a magnetic form, or any other form not recognizable to human perception, which are used in information processing by computers; hereinafter the same applies in this paragraph) or where electronic or magnetic records containing the information to be stated in the documents listed in those items are prepared instead of preparing those documents, the documents stating the content of the information contained in these electronic or magnetic records):

- (i) the balance sheet and profit and loss statement prescribed in Article 68-90, paragraph (5) of the Act;
  - (ii) a statement of changes in net assets, a statement on appropriation of profit and loss, and any other similar document for each business year;
  - (iii) a statement classified by account title pertaining to the documents listed in item (i);
  - (iv) a copy of the return form for each business year regarding a tax imposed under the laws and regulations of the state of the head office prescribed in Article 39-115, paragraph (2) of the Order for Enforcement;
  - (v) a document stating the names of shareholders, etc. (meaning shareholders, etc. as prescribed in Article 2, item (xiv) of the Corporation Tax Act; the same applies in the following item) as of the end of each business year and their domiciles or the location of their head offices or principal offices, as well as the number or amount of issued shares or capital contributions held thereby;
  - (vi) a document listed in the preceding item concerning the shareholder, etc., as of the end of each business year, of the second foreign corporation as prescribed in Article 39-16, paragraph (5), item (i) of the Order for Enforcement which pertains to the specified foreign subsidiary, etc. of a consolidated corporation as prescribed in Article 68-90, paragraph (5) of the Act, and the shareholders, etc. of the second foreign corporation and of the foreign corporations related by capital contribution as prescribed in Article 39-16, paragraph (5), item (ii) of the Order for Enforcement, as of that day.
- (3) The matters specified by Ministry of Finance Order, prescribed in Article 66-92, paragraph (5) and paragraph (6) of the Act, are the following:
- (i) the name of the specified foreign subsidiary, etc. and the location of its head office or principal office;
  - (ii) any part of the amount of foreign corporation tax (meaning the foreign corporation tax prescribed in Article 68-91, paragraph (1) of the Act) pertaining to the individually taxed amount of retained income prescribed in Article 68-92, paragraph (1) of the Act, which was deemed to be payable by the consolidated corporation of the specified foreign subsidiary, etc. pursuant to the provisions of Article 68-91, paragraph (1) of the Act, and which was used as the basis for the calculation of the amount to be credited as provided for under Article 81-15, paragraphs (1) to (3) of the Corporation Tax Act pursuant to the provisions of Article 68-91, paragraph (1) of the Act;
  - (iii) other matters for reference.
- (4) The detailed statements to be attached to a consolidated final return form prescribed in Article 39-115, paragraph (7) of the Order for Enforcement pursuant to the provisions of Article 39-115, paragraph (7) of the Order for Enforcement are detailed statements prepared in formats equivalent to the

formats specified in Appended Table 9 (4), Appended Tables 11 (1) to 11 (2), Appended Table 12 (11), Appended Table 12 (12), Appended Tables 13 (1) to 13 (3), Appended Table 13 (5), Appended Table 14 (3), and Appended Tables 16 (1) to 16 (5) of the Regulation for Enforcement of the Corporation Tax Act.

(Documents to Be Attached for the Inclusion in Gross Profits of the Retained Income of the Specified Foreign Corporation of a Consolidated Corporation That Is a Specially-Related Shareholder)

Article 22-76-2 (1) The documents specified by Ministry of Finance Order, prescribed in Article 68-93-6, paragraph (5) of the Act, are the documents listed in the following items (in the case where the documents listed in those items are prepared by means of electronic or magnetic records (meaning records made in an electronic form, a magnetic form, or any other form not recognizable to human perception, which are used in information processing by computers; hereinafter the same applies in this paragraph) or where electronic or magnetic records containing the information to be stated in the documents listed in those items are prepared instead of those documents, the documents stating the content of the information contained in these electronic or magnetic records):

- (i) the balance sheet and profit and loss statement prescribed in Article 68-93-6, paragraph (5) of the Act which pertains to a specified foreign corporation (meaning a specified foreign corporation prescribed in Article 68-93-6, paragraph (1) of the Act; hereinafter the same applies in this paragraph);
- (ii) a statement of changes in net assets, a statement on the appropriation of profit and loss, and any other similar document for each business year of a specified foreign corporation;
- (iii) a statement classified by account title pertaining to the documents listed in item (i);
- (iv) a copy of the return form for each business year regarding a tax imposed under the laws and regulations of the state of the head office prescribed in Article 39-115, paragraph (2) of the Order for Enforcement in the case where the amount of income of a specific foreign corporation in its settlement of accounts for each business year is calculated by the same method as that prescribed in Article 39-115, paragraph (2) or paragraph (3) of the Order for Enforcement;
- (v) a document stating the names of shareholders, etc. (meaning shareholders, etc. as prescribed in Article 2, item (xiv) of the Corporation Tax Act; the same applies in the following item) of either of the following corporations as of the end of each business year of a specially-related domestic corporation (meaning a specially-related domestic corporation as prescribed in Article 68-93-6, paragraph (2), item (ii) of the Act; hereinafter the same applies in this

- item) and their domiciles or the location of their head offices or principal offices, as well as the number or amount of issued shares or capital contributions of either of the following corporations held thereby:
- (a) a specially-related domestic corporation;
  - (b) a foreign corporation which is a shareholder, etc. as prescribed in Article 39-120-8, paragraph (4), item (i) of the Order for Enforcement, as well as a corporation which is a shareholder, etc. and foreign corporations related by capital contribution as prescribed in Article 39-120-8, paragraph (4), item (ii) of the Order for Enforcement;
- (vi) the document listed in the preceding item which pertains to shareholders, etc. of either of the following corporations, as of the end of each business year of a specified foreign corporation:
- (a) the corporation listed in (b) of the preceding item;
  - (b) the foreign corporation listed in Article 39-120-8, paragraph (5), item (iii) of the Order for Enforcement.
- (2) The provisions of paragraph (3) of the preceding Article apply *mutatis mutandis* where the provisions of Article 68-92, paragraph (5) and paragraph (6) of the Act as applied *mutatis mutandis* pursuant to Article 68-93-8, paragraph (3) of the Act are applied.
- (3) The provisions of paragraph (4) of the preceding Article apply *mutatis mutandis* where the provisions of Article 39-115, paragraph (7) of the Order for Enforcement as applied *mutatis mutandis* pursuant to Article 39-120-9, paragraph (4) of the Order for Enforcement apply.