

Japan Tax Bulletin

Designated Tax Agent

February 2022

Where an individual taxpayer does not have an address and place of residence in Japan, or where a corporate taxpayer does not have a head office or principal office in Japan, they are required to appoint a tax agent who does have an address and place of residence in Japan to submit tax their returns or handle their matters concerning national taxes. When taxpayers appoint a tax agent, they are required to notify the district director of tax office of the appointment.

From April 1, 2022, if a taxpayer is required to appoint a tax agent, but has not appointed one, the commissioner of the Regional Taxation Bureau or the district director of a tax office is authorized to appoint a tax agent (Specified Tax Agent).

1. Request to appoint a tax agent

The commissioner of the Regional Taxation Bureau or the district director of a tax office may request a taxpayer who has not notified them of the appointment of a tax agent, to submit a notice of appointment within a reasonable number of days of the request (not exceeding 60 days).

2. Request to become a tax agent

Where taxpayers, who are required to appoint a tax agent, have not notified the district director of a tax office of the appointment of a tax agent, the commissioner of the Regional Taxation Bureau or the district director of a tax office may request a local person of convenience for the tax matters to become a tax agent.

3. Designated Tax Agent

Where a request to appoint a tax agent or a request to become a tax agent does not work, the commissioner of the Regional Taxation Bureau or the district director of a tax office may appoint a tax agent out of local persons of convenience for specified tax matters of taxpayers. The taxpayer and the tax agent are called a specified taxpayer and a designated tax agent respectively.

Where a specified taxpayer is an individual, a specified tax agent may be:

- (i) A spouse or adult relative who is in the same household as the specified taxpayer;
- (ii) A person who has a close relationship with the specified taxpayer under a contract in relation to tax base or factual background for the tax base; or
- (iii) An enterprise that provides the specified taxpayer with platforms where the specified taxpayer conducts electronic transactions or other transactions continuously and repeatedly.

Where a specified taxpayer is a corporation, a specified tax agent may be:

- (i) A corporation where either the corporation or a specified taxpayer owns 50% or more of the other's outstanding shares or interests or special relationships as defined by the Ordinance existing between them;
- (ii) An officer of the specified taxpayer or the officer's spouse or adult relative who is in the same household as the officer; or
- (iii) Same as (ii) and (iii) of the above.

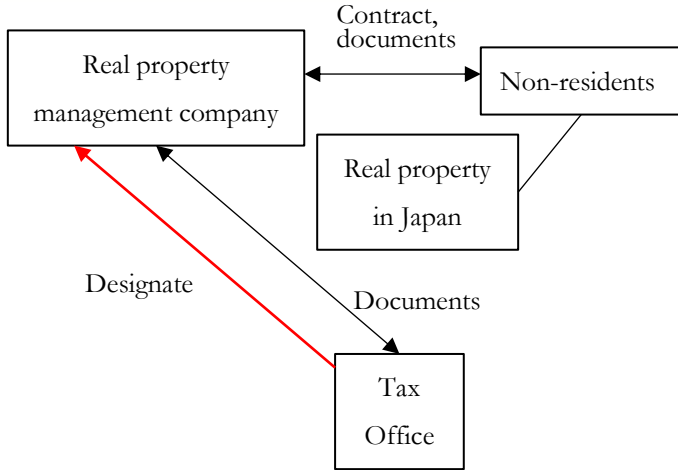
Specified tax matters are:

- (i) to receive documents to be sent to a taxpayer from the Regional Commissioner or the District Director of the tax office and forward the documents to the taxpayer during an examination pertaining to national tax; and
- (ii) to receive documents to be submitted to the Regional Commissioner or other personnel from a taxpayer and submit them to the Regional Commissioner or other personnel in an examination pertaining to national tax.

4. Examples

Real property leasing

Where a non-resident owns real property in Japan for lease, lease income is subject to withholding tax at 20.42% and the non-resident is required to file a personal income tax to declare the lease income. Usually, a non-resident enters into a maintenance, management & operation contract with a real property management company in Japan. The tax office receives information and documents through the real property management company who is the designated tax agent.



E-commerce

Selling digital content to customers in Japan is a taxable transaction for Japan consumption tax purposes. A foreign digital content provider is required to file a consumption tax return for B2C transactions. The tax office receives information and documents through the digital platform operator in Japan who is the designated tax agent.

