

Japan - Information on residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

Resident

The term “resident” shall mean an individual who:

- (i) has a domicile in Japan; or
- (ii) has had a residence in Japan continuously for one year or more.

(Income Tax Act: Article 2(iii))

Presumption of “having a domicile in Japan”

1. An individual who falls under any of the following cases is presumed as having a domicile in Japan.
 - (i) An individual has an occupation which normally requires residing in Japan continuously for one year or more.
 - (ii) It can be sufficiently presumed that an individual will reside in Japan continuously for more than one year in light of the circumstances, such as whether it has the Japanese nationality and has its relatives who share the same livelihood with such individual in Japan, or whether it has its occupation and assets in Japan.
2. If an individual, who is presumed as having a domicile in Japan pursuant to paragraph 1, has its relatives who share the same livelihood with such individual in Japan, such relatives are also presumed as having a domicile in Japan.

(Order for Enforcement of the Income Tax Act: Article 14)

Presumption of not “having a domicile in Japan”

1. An individual who falls under any of the following cases is presumed as not having a domicile in Japan.
 - (i) An individual has an occupation which normally requires residing abroad continuously for one year or more.
 - (ii) It cannot be sufficiently presumed that an individual will return to Japan and mainly reside in Japan in light of the circumstances, such as whether it has the foreign nationality or permanent residency and does not support its relatives who reside in Japan, or whether it does not have its occupation and assets in Japan.
2. If an individual, who is presumed as not having a domicile in Japan pursuant to paragraph 1, has its relatives who share the same livelihood with such individual abroad, such relatives are also presumed as not having a domicile in Japan.

(Order for Enforcement of the Income Tax Act: Article 15)

Section II – Criteria for Entities to be considered a tax resident

Domestic corporation

The term “domestic corporation” shall mean a corporation that has its head or main office in Japan.

(Corporation Tax Act: Article 2(iii))

Section III – Entity types that are as a rule not considered tax residents

Partnership (“Nin-i Kumiai etc.”)

Profit or loss derived from business of the following partnerships (named “Nin-i Kumiai etc.”) directly attribute to their partners.

- (i) “Nin-i Kumiai”: a partnership organized under an agreement as stipulated in Paragraph 1 of Article 667 of the Civil Code (Law No. 89 of 1896)
- (ii) “Toshi Jigyo Yugen Sekinin Kumiai”: a limited partnership for investment organized under an agreement as stipulated in Paragraph 1 of Article 3 of the Limited Partnership Act for Investment (Law No. 90 of 1998)
- (iii) “Yugen Sekinin Jigyo Kumiai”: a limited liability partnership organized under an agreement as stipulated in Paragraph 1 of Article 3 of the Limited Liability Partnership Act (Law No.40 of 2005)
- (iv) any other entities similar to partnerships referred to in (i), (ii) and (iii), which are organized under the laws of foreign jurisdictions

(Commissioner’s Directive on interpretation of the Corporation Tax Act: 14-1-1)

Section IV – Contact point for further information

NATIONAL TAX AGENCY (INTERNATIONAL OPERATION DIVISION)