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T: +1 646 850 5888**Japan Goudou Kaisha Annual Renewal and Maintenance Guideline**

All the companies registered in Japan shall perform the daily maintenance operation and the annual renewal in accordance with the Japan Company Law. Below stated the requirements for annual renewal and maintenance for company registered in Japan and the services could be provided by Kaizen.

**1. Registration and Filing Procedure after establishment**

After Japan Goudou Kaisha is officially registered, various filing procedures shall be conducted in Tax office and Bureau of Taxation and Nation.

**(1) Notification of Corporation Establishment ( 法人設立届出書 )**

The company incorporated in Japan shall file the Notification of Corporation Establishment to the competent district tax office within 2 months after the date of incorporation. A copy of the Articles of Incorporation, Articles of Endowment, Rules or Regulation shall be attached with the notification form.

**(2) Application Form for Approval of Filing Blue Return ( 青色申告の承認申請書 )**

The filing blue form tax return is a system of tax declaration. It is bookkeeping according to the double entryway, to calculate the actual income, income tax and the corporate tax according to the account record and filing the tax return. Corporations filing blue return could enjoy various tax incentives.

In principle, blue return shall file to the competent district officer before 15 March of that year. However, for companies incorporated after 16 January, they need to file the return within 2 months after the incorporation.

**(3) Notification of Establishment/Relocation/Closure of a Salary-Paying Office**

( 給与支払事務所等の開設届出書 )

If the company intends to hire employees and paying wages, they shall submit the Notification of Establishment/Relocation/Closure of a Salary-Paying Office to the competent district office within 1 month after the incorporation.

- (4) Application for Approval Made in Relation to the Special Provision for Due Dates for Withholding Income Tax (源泉所得税の納期の特例の承認に関する申請書)

Corporate withholding income tax shall be paid to government before the 10th of the following month. When company employs staff and pays the salaries, withholding income tax is required to pay every month.

However, for the withholding agent that pays salaries to fewer than 10 employees on a regular basis, they could pay the withholding tax for every half year. Company could submit the Application for Approval Made in Relation to the Special Provision for Due Dates for Withholding Income Tax and obtains such approval. There is no specified submission schedule. Since the application does not take effect immediately after submitted to Tax office, it needs to obtain the permission of the chief of tax bureau to take effect. Therefore, we suggest submitting the application as soon as possible.

There are different submission procedures and submission deadlines for the aforementioned four filing items. In order to avoid penalties caused by the overdue filing, Kaizen will suggest client shall submit these applications immediately after the incorporation.

## 2. Related Taxes in Japan

- (1) Corporate Tax (法人税)

Corporate tax is levied based on the profits of the corporate. There is no tax levied if there is no profit in a corporate. The tax rate of corporate tax is different from the progressive tax rate, which is determined by the size and type of the corporate. In general, the corporate tax rate for a corporate person or a general incorporated association is about 23.2% (for reference only). The corporate tax is a national tax. It is paid to the country through the competent district tax office. If corporate has a deficit, the amount of corporate tax will be zero.

- (2) Corporate Inhabitant Tax (法人住民税)

The corporate inhabitant tax is composed by the “Corporate Tax Ratio” and the “Equal Tax Ratio”. The corporate tax ratio will be calculated by the amount of corporate tax. If the corporate has no profit, no corporate tax is required to pay. The part of corporate tax ratio will be zero. For the equal tax ratio, it will be calculated according to the capital and the number of employees. Therefore, even the corporate has no profit, the part of equal tax ratio. Is still required to pay. Corporate inhabitant tax JPY 70,000 (at least) would be required to pay each year. Corporate inhabitant tax is a local tax. It shall be paid to the metropolitan tax office, or prefectural tax office, depends on the location of corporate.

(3) Corporate Enterprise Tax ( 法人事業税 )

Corporate enterprise tax is levied based on the profits of the corporate.

Corporate with share capital or contributed capital exceeds 100 million, will be levied to enterprise tax on a pro forma basis which consisting by value-added ratio and capital ratio.

Enterprise tax on a pro forma basis is a local tax, would be paid to metropolitan tax office, or prefectural tax office. Kaizen could provide the services of the declaration of enterprise tax on a pro forma basis. The service fee is from JPY 90,000. The actual fee will be based on the profit and capital.

(4) Consumption Tax ( 消費税 )

The consumption tax refers to the tax levied on the consumption of goods or services. Certain transactions in the field of financial transactions, capital transactions, medical treatment, welfare, education, etc. are non-taxable. For export transactions or industry like international communications or international transports are exempt from consumption tax. Consumption rate is increased to 10% since 1 October 2019. The consumption tax is paid to the country through the competent district tax office. For company with capital JPY 10 million below, the consumption tax could be zero for a maximum of 2 years (if the turnover of the first year exceed JPY 10 million, the consumption tax will be required to pay from the second year).

Corporates having domestic transactions or import transactions have the obligation to declare and pay for the consumption tax. If the tax amount on purchases to be deducted is more than the tax amount on taxable sales, the difference can be refunded after filing the tax return. Kaizen could provide the service of the declaration of consumption tax. The service fee is from JPY 68,000. The actual fee will be based on the annual taxable sales.

(5) Stamp Duty ( 印花税 )

Stamp duty will be levied with the contract or invoice issued for economic transactions. The stamp duty is paid to the country through the competent district tax office. The actual tax rate and the declaration service fees will be based on the nature of contract.

(6) Fixed Asset Tax, Depreciated Property Tax ( 固定資産税、折舊資産税 )

Fixed asset tax and the depreciated property tax will be levied on the fix assets (such as lands, houses, depreciable assets). Fixed asset tax is a local tax, will be paid to metropolitan tax office, or prefectural tax office. Depreciated Property refer to assets that can be used for businesses other than land and houses. When calculating the income based on the corporate income tax law, the depreciation amount or depreciation expense will be included in losses or necessary expenses. Corporations need to submit the declaration of depreciated properties / assets which are owned as of every 1st January to tax office, including the acquisition date, cost, the durability, etc., by every 31st January. Even corporate has no depreciated properties / assets, zero declaration is still required to submit by every 31st January.

Kaizen could provide the service of the declaration of assets. The service fee will be based on the actual amount of assets and its value.

(7) Withholding Income Tax (源泉所得税)

A regulation for payer who pay certain types of income such as salary and remuneration. Before paying the income, the certain amount of income tax is required to be calculated and deducted from the amount of income according to the prescribed methods, and then paying tax to government. In other words, regarding to the tax amount deducted from the salary of employee, employer need to submit a withholding tax return, and pay the withholding tax to Tax Office. Even company does not have employee, zero declaration is still required to submit. In case company does not submit the declaration, it might be considered as company that does not comply with the regulation.

3. Related Service Fees

Goudou Kaisha is required to comply with the Japan Companies Act, need to prepare and submit the annual tax declaration, declares for the corporate tax and the corporate inhabitant tax. If required, Kaizen could provide various services on accounting, consumption tax, fixed asset tax, depreciated property tax, payroll services, tax advisory services, etc.

In order to provide a clear understanding of Kaizen's service fee of maintaining a company, we have prepared a List of Annual Maintenance Fees for Japan Company for your reference.

**List of Annual Maintenance Fees for Japan Company**

Item	Description	Amount (JPY)
<b>1. Annual Renewal Service Fee</b>		
1	Service Fee for Annual Agency Consultant	80,000
2	Corporate Inhabitant Tax (Local Tax) (Compulsory to pay annually even there is no turnover)	70,000/up (Per Year)
3	Registered Address Service (If using Kaizen Office Address)	To be determined
	Subtotal	150,000
<b>2. Declaration Service for the Corporate Tax and the Corporate Inhabitant Tax</b>		
4	Annual Tax Returns	220,000/up (Per Year)
	Total	370,000
5	Paying tax on behalf of company (When company has not established a corporate bank account)	25,000
<b>3. Tax Declaration, Accounting and Bookkeeping Service Fee</b>		
6	Accounting and Bookkeeping Fees (Annual Sales below JPY 10 million, less than 50 transactions)	28,000/up

7	Declaration of Depreciable Assets (Fixed Assets Tax & Depreciated Asset Return)	25,000/up
8	Declaration of Withholding Income Tax (If no employee, a zero filing will be JPY 15,000)	To be determined
9	Preparation and submission of the legal record regarding to property rental payment (When rental payment is made by JP company's corporate bank account)	50,000
10	Declaration of Consumption Tax, if required (Based on the annual tax sales)	68,000/up
11	Declaration of Consumption Tax Refund (Refund amount less than JPY 1 million)	100,000/up
12	Declaration of Enterprise Tax on a Pro Forma Basis, if required (If the capital exceeds JPY 100 million)	90,000/up

Kaizen's service is not limited to the accounting and taxation services. If client has enquiry about tax declaration or payroll services for Japan Company, please feel free to contact Kaizen.

*If you wish to obtain more information or assistance, please visit our official website at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following means:*

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