



JAPAN – March 2020

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Japan may extend tax breaks for small firms over coronavirus

Japan's government is considering extending property tax breaks for small firms to help counter the economic impact of the coronavirus outbreak, the Nikkei business daily reported on Tuesday.

The steps would be included in a stimulus package to be compiled in April, the Nikkei said, without citing sources.

Under the plan, the government is considering expanding the scope of an existing arrangement that exempts small firms from property taxation for three years if they invest in machinery and air-conditioners needed to enhance productivity, it said.

The ruling coalition is also considering extending the tax payment deadline for small firms, the Nikkei said.

Corporate tax refunds mulled for virus-hit companies in Japan

Japan plans to implement corporate tax refunds for companies that have been forced to incur losses due to the outbreak of the new coronavirus, a government source said Saturday.

The measure would mainly apply to small and midsize companies, such as restaurant operators and school lunch suppliers, as well as large companies that usually are ineligible for such tax relief, the source said.

Prime Minister Shinzo Abe's government would also enable business operators to expedite filing procedures for the tax refunds, it said.

Together with an emergency economic package to be drawn up next month, the government aims to support corporate finances and bolster the economy as the spread of the pneumonia-causing virus appears likely to significantly affect global growth.

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With the envisaged tax refund, the government plans to assist catering companies that have been forced to discard food for school lunches because of Abe's sudden request earlier this month for schools to shut down through the end of spring vacation in early April.

Owners of restaurants and music clubs may also apply for tax refunds due to losses from disinfecting and renewing facilities caused by customers found to be infected with the virus.

But a sales slump itself will not qualify a company for a refund if it stems only from the economic fallout of the outbreak, according to the source.

Aside from tax refunds, the government is considering separate tax measures for affected small and midsize firms and individuals as part of the new emergency package.

Some lawmakers and officials were advocating a reduction or exemption in property taxes or a reduction in the consumption tax, which was raised by 2 percentage points to 10 percent in October.

On March 10, the government adopted a fresh emergency package of about ¥1 trillion (\$9.6 billion) for businesses battered by the viral outbreak, featuring ¥500 billion in zero-interest loans for small and midsize companies falling short of cash.

The stimulus measures also involve ¥430.8 billion in actual spending under the fiscal 2019 budget.

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