



# KPMG Japan e-Tax News

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## TAX UPDATE

### COVID-19 RELATED INFORMATION

#### 1. Special Grace Period Provision – Amendment to the ‘Specified Date’

The ‘Special Grace Period Provision’ has been established for taxpayers whose business revenue decreased substantially due to COVID-19 under the ‘Act on Temporary Special Provisions for National Tax Laws to Respond to COVID-19’ (hereinafter referred to as the ‘COVID-19 Special Tax Acts’), which was enacted and promulgated on 30 April 2020.

The Special Grace Period Provision is the special measure which allows for a deferral of the national tax payment for one year or less and exempts the provision of collateral and the delinquent tax charge as far as (i) revenue earned in the base period (a continuous period of one month or more between 1 February 2020 and the payment due date of the national tax to which the grace period is intended to be applied) is decreased by 20 percent or more compared with the amount of revenue earned in a corresponding period within one year immediately preceding the above base period due to COVID-19 and measures to prevent its spread and (ii) the taxpayer is found to be temporarily unable to pay all or part of its national tax liability.

The Special Grace Period Provision is applicable for almost all national taxes whose payment due dates are between 1 February 2020 and the ‘Specified Date’ prescribed by the cabinet order. On 26 June 2020, the amended cabinet order was promulgated in the official gazette No.129 and the Specified Date is amended as follows:

[Before amendment]	31 January 2021
[After amendment]	1 February 2021

After the amendment, the Special Grace Period Provision is applicable for almost all national taxes whose payment due dates are between 1 February 2020 and 1 February 2021.

#### <Reference information>

Corresponding to the above amendment, the descriptions about the Specified Date on the following websites, leaflet, etc. are updated:

■ National Tax Agency

[Website]

- 'Amendment to the administrative guidance for the Special Grace Period Provision' (Japanese only)
- ['For taxpayers who face difficulty paying their national tax due to the influence of the novel coronavirus disease \(COVID-19\)'](#)

[Leaflet, etc.]

- 'FAQ about the tax treatments for the tax filing and tax payment procedures, etc. relating to COVID-19' (Japanese only)
- ['For taxpayers who face difficulty paying their national tax due to the influence of the novel coronavirus disease \(COVID-19\) - You can apply for grace of tax payment'](#) (PDF 754.5KB)

Note that ['Frequently Asked Questions about Grace System for National Tax Payment'](#) (PDF 539.4KB) has not been updated yet. (Japanese version is updated.)

■ Ministry of Finance

[Leaflet]

- 'For taxpayers who face difficulty paying their national tax due to the influence of the novel coronavirus disease (COVID-19) - Special Grace Period Provision' (Japanese only)

## 2. Release of Administrative Guidance relating to Income Tax

The National Tax Agency released administrative guidance (Japanese only) about the following two special measures relating to individual income tax under the COVID-19 Special Tax Acts:

- Application of the donation deduction or special tax credits to a person who gives up a refund right to claim the admission fee due to the cancelation of cultural, art or sports events
- Application of the special tax credits for housing loans

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