



TAX UPDATE

National Tax Agency - Update of FAQs relating to COVID-19

On 23 October 2020, the National Tax Agency updated the following FAQs (Japanese only) which cover various tax treatments relating to COVID-19.

- [FAQs about the tax treatments for the tax filing and tax payment procedures, etc. relating to COVID-19](#)

The FAQs have been updated several times since the original release on 25 March 2020. This update mainly added seven Q&As to 'Tax treatments for income tax' in the section '5 Tax treatments relating to COVID-19'.

(Classification and calculation of taxable income)

Q11. Tax treatment where employee (Japanese resident) is unable to depart from Japan

(Taxation on salary paid by the foreign company when Japanese resident works from home in Japan for the business of the foreign company)

Q11-2. Tax treatment where the expatriate worker of the foreign parent company works overseas for the business of the Japanese company

(Whether the Japanese company is subject to a withholding obligation for income tax on the payment of salary or not, where the expatriate worker of the foreign parent company works overseas for the business of the Japanese company)

Q11-3. Tax treatment where employee (Japanese resident), who departed from Japan for a temporary business trip originally, does not return to Japan and works overseas for the business of the Japanese company

(Whether the Japanese company is subject to a withholding obligation for income tax on the payment of salary or not, where the employee (Japanese resident) works overseas for the business of the Japanese company for a certain period after a temporary business trip overseas)

Q11-4. Tax treatment where employee (non-Japanese resident) seconded to foreign company returns temporarily to Japan

(Whether the Japanese company is subject to a withholding obligation for income tax on the payment of fringe benefits or not, where an employee (non-Japanese resident) seconded to a foreign company returns temporarily to Japan and works for the business of the foreign company in Japan, etc.)

Determination of Japanese resident vs non-Japanese resident status, interpretation of Japanese source income, withholding obligation for income tax and application of tax treaties, etc. are explained in the Q&As above with the article number of the Japanese income tax law.

(Deductions from income)

Q12. Application of the medical expense deduction for purchase cost of surgical masks

Q12-2. Application of the medical expense deduction for costs of PCR test

Q12-3. Application of the medical expense deduction for expenses incurred in relation to online medical treatment