

# KPMG Japan e-Tax News

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## TAX UPDATE

### NATIONAL TAX AGENCY — FAQS ABOUT THE SUBMISSION OF THE APPLICATION FORM FOR TAX TREATY, ETC. BY ELECTROMAGNETIC METHOD

If non-residents, etc. receiving the payment of Japanese source income which is subject to withholding income tax in Japan intend to claim for the reduction or exemption of withholding income tax based on a tax treaty, it is necessary to submit the application form for the tax treaty etc. to withholding agents.

By virtue of the 2021 Tax Reform, the non-residents, etc. are permitted under certain conditions to provide the matters to be described in the application form for the tax treaty, etc. by electromagnetic method, instead of submission in writing, to the withholding agents and the withholding agents are permitted to provide the matters to be described in the application form for the tax treaty, etc. by image data such as PDF file, instead of submission in writing, to the tax office through the e-Tax system on or after 1 April 2021.

On 19 May 2021, the National Tax Agency released the 'FAQs about the submission of the application form for tax treaty, etc. by electromagnetic method' (Japanese only) which consist of the following four sections:

#### **1. Outline of the rule**

The outline of the rule is explained in two FAQs. The link to a list of documents subject to the rule is provided in Q2.

#### **2. Where non-residents, etc. provide electromagnetic records to the withholding agents**

Seven FAQs are provided. For example, the requirements to be satisfied by the non-residents, etc./withholding agents who submit/receive the electromagnetic records are explained. The information which is not available in relevant laws and regulations is also described.

#### **3. Where withholding agents provide the image data to the tax office through e-Tax system**

The process and procedures of the withholding agents to provide the image data to the tax office through the e-Tax system are explained

#### 4. Preservation of the application form for tax treaty, etc. by withholding agents

Before the 2021 Tax Reform, withholding agents had to receive two sets of the application form for the tax treaty, etc. in writing from the non-resident, etc. One is for submission to the tax office and the other is a copy for the withholding agents.

Two FAQs describe the following information regarding the preservation of the application form for the tax treaty, etc. which is not available in relevant laws and regulations:

[Where withholding agents receive the application form for tax treaty, etc. by electromagnetic method from non-resident, etc. (Q11)]

In the same way as the case of receiving the application form for the tax treaty, etc. from non-residents, etc. in writing, it is preferable that the electromagnetic records of matters to be described in the application form for the tax treaty, etc. submitted by the non-resident, etc. are treated as a copy for the withholding agents.

[Where withholding agents receive the application form for tax treaty, etc. in writing from non-resident, etc. (Q12)]

Where the withholding agents predetermine the conversion of the matters described in the application form for the tax treaty, etc. in writing by a non-resident, etc. to image data and send the image data to the tax office through the e-Tax system, the withholding agents can receive one copy of the application form for the tax treaty, etc. from the non-resident, etc. (It is preferable that the application form for the tax treaty, etc. in writing submitted by the non-resident, etc. is treated as a copy for the withholding agents.)

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