



TAX UPDATE

NATIONAL TAX AGENCY — UPDATE OF FAQs RELATING TO COVID-19 (FAQS ABOUT WORKPLACE VACCINATION)

On 2 July 2021, the National Tax Agency updated the 'FAQs about the tax treatments for the tax filing and tax payment procedures, etc. relating to COVID-19' (Japanese only) which have been updated several times since the original release on 25 March 2020.

In the latest update, the following four FAQs were added in the section '5 Tax Treatments relating to COVID-19' corresponding to the start of workplace vaccinations for COVID-19 from 21 June 2021:

<Workplace vaccination>

- Workplace vaccination is a system to vaccinate in a workplace or university, etc. in order to reduce the burden on the community and accelerate COVID-19 vaccination.
- JPY2,070, excluding consumption tax, is borne by the Japanese government per vaccination in principle.

■ Tax treatments for corporation tax

Q3-2 Tax treatments where a company does not allocate the costs of workplace vaccination to related companies, etc.

The FAQ is about the corporation tax treatments for a company, where the company includes employees of related companies and transaction counterparties, etc. in the scope of workplace vaccinations of the company and does not allocate the costs of workplace vaccination, that exceed the portion borne by the Japanese government, to the related companies and transaction counterparties, etc.

The answer states that unallocated costs, which are borne by the company, are not treated as donations or entertainment expenses to the related companies and transaction counterparties, etc., because such costs are treated as business expenses for the operation of the company in order to prevent serious problems in business performance from the infection of COVID-19 in the company.

■ Tax treatments for individual income tax

Q9-6 Tax treatment of individual income tax on the persons who receive workplace vaccination

The FAQ states that employees of a company are not subject to individual income taxation on the costs of workplace vaccination, which are borne by the company, as employment income and employees of related companies and transaction counterparties, etc. are not subject to individual income taxation, either.

Q9-7 Tax treatment of transportation expense to get the venue of workplace vaccination

Q9-8 Tax treatment of acquisition fee for digital certificate of vaccination in relation to workplace vaccination

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KPMG Tax Corporation

info-tax@jp.kpmg.com

home.kpmg/jp/tax-en