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Tax Update

NATIONAL TAX AGENCY – UPDATE OF Q&As ON JAPANESE INCOME INCLUSION RULE

By virtue of the 2024 tax reform, the Japanese Income Inclusion Rule (hereinafter 'J-IIR'), which is equivalent to the Income Inclusion Rule ('IIR') of the Global Minimum Tax in Pillar 2 agreed by the OECD/G20 Inclusive Framework on BEPS and which was established in the 2023 tax reform, was amended from the perspective of clarifying the rules based on the content of the administrative guidance issued by the OECD and international discussions, etc.

On 13 September 2024, the National Tax Agency updated the Q&As (Japanese only) related to the J-IIR^(*) based on the 2024 tax reform, etc.

In this update two Q&As regarding the QDMTT safe harbor, which was provided under the 2024 tax reform in accordance with the administrative guidance issued by the OECD in July 2023, were added and five Q&As were updated, etc.

For example, one of the new Q&As explains that the OECD will publish jurisdictions to which the QDMTT safe harbor is applicable on its website where the QDMTT of the jurisdictions satisfies the standards required for the QDMTT safe harbor (e.g. QDMTT Accounting Standard and Consistency Standard) and this website information will be useful as one of the methods to confirm whether laws and regulations related to QDMTT in jurisdictions other than Japan satisfy the standards required for a QDMTT safe harbor or not.

^(*) We set out information concerning the original Q&As in the e-Tax News No.297 '[Q&As on Japanese Income Inclusion Rule](#)' issued on 26 December 2023.

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