



KPMG Japan e-Tax News

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Tax Update

NATIONAL TAX AGENCY — UPDATE OF Q&As RELATED TO JAPANESE INCOME INCLUSION RULE

The National Tax Agency (hereinafter the 'NTA') had released the Q&As^{(*)1} (Japanese only) related to the Japanese Income Inclusion Rule, which is equivalent to the 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 and amended in the 2024 and the 2025 tax reform.

On 31 October, the NTA released the following two Q&As:

(1) Q&As for the applicable fiscal years beginning between 1 April 2024 and 31 March 2025 (revised edition)

The revised Q&As were based on the Q&As released in January 2025^{(*)1}, reflecting the clarifications such as the following:

- The Q&A related to the substance-based income exclusion was revised corresponding to the amendment of the scope of employees or similar persons of the constituent companies, etc., under the administrative guidance released by the NTA on 26 September 2025^{(*)2}.
- With regard to the case where the constituent companies, etc. have permanent establishments, etc., the Q&A related to the explanation on CbCR in the transitional CbCR safe harbour was revised and a new Q&A regarding adjustment in the transitional CbCR safe harbour was added.

(2) Q&As for the applicable fiscal years beginning between 1 April 2025 and 31 March 2026 (new edition)

The new Q&As were based on the revised Q&As in (1) above, reflecting the amendments under the 2025 tax reform such as the following:

- The amendment related to the case where the amount of certain GloBE income attributable to the permanent establishments, etc., of the constituent companies, etc., falls below zero, was reflected into the existing Q&A.
- The amendment of the tax treatment of allocated current covered taxes was reflected into the explanation on allocated current covered taxes and a new Q&A was added.

- The establishment of the tax treatment of allocated deferred covered taxes was reflected into the explanation on allocated deferred covered taxes and a new Q&A was added.
- The amendment of the tax treatment of recapture deferred tax liability was reflected into the explanation on recapture deferred tax liability and a new Q&A was added.

(*) We set out information concerning the Q&As in the following e-Tax News:

- First edition (December 2023)
e-Tax News No.297 '[Q&As on Japanese Income Inclusion Rule](#)'
(issued on 26 December 2023)
- Second edition (September 2024)
e-Tax News No.317 '[Update of Q&As on J-IIR](#)' (issued on 17 September 2024)
- Third edition (January 2025)
No.326 '[Update of Q&As related to J-IIR](#)' (issued on 29 January 2025)

(*) We set out the information concerning the administrative guidance in the e-Tax News No.339 '[Administrative guidance - Japanese IIR/CFC](#)' (issued on 30 September 2025).

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