



KPMG Tax Corporation
[Contact Us](#)

KPMG Tax e-Tax News

No.95 – July 2, 2015

TAX UPDATES

TOKYO BUSINESS TAX RATES APPLICABLE FOR FISCAL YEARS BEGINNING ON OR AFTER 1 APRIL 2016

By virtue of the 2015 tax reform, the standard business tax rates applicable to a company which is liable for size-based business taxes (broadly, a company whose stated capital is over JPY100 million) were amended in two phases (i.e. fiscal years beginning on or after 1 April 2015 and those beginning on or after 1 April 2016).

Although the Tokyo Metropolitan Ordinance for Prefectural Taxes providing for the Tokyo business tax rates is required to be amended in consequence of the amendments to the standard business tax rates, the amended ordinance promulgated on 1 April 2015 includes only the tax rates for fiscal years beginning on or after 1 April 2015 and does not include the tax rates for fiscal years beginning on or after 1 April 2016.

This e-Tax News is to inform that the ordinance to amend the tax rates for fiscal years beginning on or after 1 April 2016 was passed by the Tokyo Metropolitan Assembly on 24 June 2015 and promulgated on 1 July 2015.

The amended Tokyo business tax rates for a company which is liable for size-based business taxes are as follows:

Tokyo - business tax rates (income component)

Taxable base (taxable income)	Before 2015 amendment	After 2015 amendment (fiscal years beginning in the following periods)	
		from 1 April 2015 to 31 March 2016	on or after 1 April 2016
Under JPY4 million	2.39% (1.69%)	1.755%	1.025%
From JPY4 million to JPY8 million	3.475% (2.475%)	2.53%	1.585%
Over JPY8 million	4.66% (3.26%)	3.4%	2.14%

- The tax rates in parenthesis in the column 'Before 2015 amendment' are tax rates applicable for fiscal years beginning before 1 October 2014.
- The reduced tax rates for taxable income of JPY8 million or less are not applicable to companies that have offices in three or more different prefectures.

Tokyo - size-based business tax rates

	Before 2015 amendment	After 2015 amendment (fiscal years beginning in the following periods)	
		from 1 April 2015 to 31 March 2016	on or after 1 April 2016
Added value component	0.504%	0.756%	1.008%
Capital component	0.21%	0.315%	0.42%

Under the 2015 tax reform, the effective corporate tax rates applicable to a company which is liable for size-based business taxes will be as follows:

Effective corporate tax rates

	Before 2015 amendment	After 2015 amendment (fiscal years beginning in the following periods)	
		from 1 April 2015 to 31 March 2016	on or after 1 April 2016
Standard tax rates	34.62%	32.11%	31.33%
Tokyo tax rates	35.64%	33.06%	32.26%

info-tax@jp.kpmg.com

Privacy & Disclaimer

<http://www.kpmg.com/jp/ja/pages/legal.aspx>

<http://www.kpmg.com/jp/ja/pages/privacy.aspx>

KPMG Tax Corporation, Izumi Garden Tower, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6012

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 KPMG Tax Corporation, a tax corporation incorporated under the Japanese CPTA Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.