

KPMG Japan e-Tax News



TAX UPDATE

NATIONAL TAX AGENCY – RELEASE OF GUIDANCE ON THE NEW TRANSFER PRICING DOCUMENTATION RULES

Under the 2016 tax reform, the following amendments were made to the Japanese transfer pricing documentation rules in line with the final report of Action 13 – ‘Transfer Pricing Documentation and Country-by-Country Reporting’ of the Organisation for Economic Co-operation and Development (OECD) - Base Erosion and Profit Shifting (BEPS) Project.

1. A three-tiered approach consisting of Country-by-Country Reports, Master Files and Local Files will apply to Specified MNE Groups (MNE Groups whose total consolidated revenue is JPY100 billion or more).
2. Local Files have become, in principle, subject to contemporaneous documentation and items to be provided in Local Files were amended. (Note that the amendments to Local Files will be applied to a company engaged in transactions with foreign related parties even if the company does not belong to any Specified MNE Group.)

In connection with the above amendments, the National Tax Agency (NTA) released the following information on 30 June 2016:

- [Outline of the Revision of the Transfer Pricing Documentation \(English\)](#)
(PDF/690KB)

An explanatory pamphlet on the above amendments written in English

- [Outline of the Revision of the Transfer Pricing Documentation \(Japanese\)](#)
(PDF/1,206KB)

An explanatory pamphlet on the above amendments written in Japanese

- [Examples of Local Files \(Japanese\)](#) (PDF/804KB)

Reference materials for taxpayers in order to prepare Local Files, including ‘explanation,’ ‘examples of necessary information’ and ‘documents to be prepared’ for each item to be provided in Local Files

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