

Tax Update

NATIONAL TAX AGENCY — EXPLANATION OF THE ADMINISTRATIVE GUIDANCE RELATED TO THE JAPANESE UTPR AND JAPANESE QDMTT

By virtue of the 2025 tax reform, the Japanese Undertaxed Profits Rule (hereinafter the 'Japanese UTPR') and the Japanese Qualified Domestic Minimum Top-up Tax (hereinafter the 'Japanese QDMTT'), which are equivalent to the Undertaxed Profits Rule and the Qualified Domestic Minimum Top-up Tax of the Global Minimum Tax in Pillar 2 agreed by the OECD/G20 Inclusive Framework on BEPS, were newly introduced.

On 27 March 2026, the National Tax Agency (hereinafter the 'NTA') released the explanation of the administrative guidance (hereinafter the 'Japanese AG', Japanese only)^(*) which had been issued on 30 January 2026 corresponding to the introduction of the Japanese UTPR and Japanese QDMTT.

The explanation of the Japanese AG provides a detailed explanation of the purpose and key points, etc. regarding the new administrative guidance.

^(*) We set out information on the Japanese AG in the e-Tax News No.345 ['Administrative Guidance on the UTPR/QDMTT'](#) issued on 3 February 2026.

<Reference Information>

By virtue of the 2025 tax reform, the Japanese Income Inclusion Rule (hereinafter the 'Japanese IIR'), which is equivalent to the Income Inclusion Rule of the Global Minimum Tax, was amended based on the content of the administrative guidance issued by the OECD/G20 Inclusive Framework on BEPS in June 2024, etc. The amended administrative guidance and its explanation (Japanese only) reflecting the amendments to the Japanese IIR under the 2025 tax reform were released by the NTA on 26 September 2025 and 19 December 2025, respectively. (We set out information on the amended administrative guidance in the e-Tax News No.339 ['Administrative Guidance – Japanese IIR/CFC'](#) issued on 30 September 2025 and No.344 ['Explanation of the AG – Japanese IIR/CFC'](#) issued on 22 December 2025.)

KPMG Tax Corporation

Tokyo Office

Izumi Garden Tower,
1-6-1 Roppongi, Minato-ku,
Tokyo 106-6012
TEL : +81 (3) 6229 8000
FAX : +81 (3) 5575 0766

Osaka office

Osaka Nakanoshima Building 15F,
2-2-2 Nakanoshima, Kita-ku,
Osaka 530-0005
TEL : +81 (6) 4708 5150
FAX : +81 (6) 4706 3881

Nagoya office

Dai Nagoya Building 26F,
28-12 Meieki 3-chome, Nakamura-ku,
Nagoya 450-6426
TEL : +81 (52) 569 5420
FAX : +81 (52) 551 0580

Kyoto Office

Nihon Life Shijo Building 6F,
60 Tachiuri Nishimachi,
Shijo-dori Higashinotoin Higashi-iru,
Shimogyo-ku,
Kyoto 600-8007
TEL : +81 (75) 353 1270
FAX : +81 (75) 353 1271

Hiroshima Office

Hiroshima Kogin Buiding 7F,
2-1-22 Kamiya-cho, Naka-ku,
Hiroshima 730-0031
TEL : +81 (82) 241 2810
FAX : +81 (82) 241 2811

Fukuoka Office

Kamiyo Watanabe Building 8F,
1-12-14 Tenjin, Chuo-ku,
Fukuoka 810-0001
TEL : +81 (92) 712 6300
FAX : +81 (92) 712 6301

info-tax@jp.kpmg.com
kpmg.com/jp/tax-en

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.

© 2026 KPMG Tax Corporation, a tax corporation incorporated under the Japanese CPTA Law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.