

KPMG Japan e-Tax News

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Tax Update

2026 Tax Reform – Passage of the Bills

Due to the delay in budget deliberations following the dissolution of the House of Representatives, the passage of the initial budget for 2026 by the end of March was postponed, and a provisional budget was formulated for the first time in 11 years. Under these circumstances, the 2026 tax reform bills were passed at the 221st special session of the Japanese National Diet on 31 March 2026.

The main highlights of the 2026 tax reform are as follows:

■ Corporate Taxation

- Special Measures for Promoting Investment in Specified Productivity-Enhancing Facilities
- Tax Credits for R&D Costs
- Tax Credits for Promotion of Salary Increases
- Restriction on Eligible Companies for Special Tax Measures
- Special Measures for Promoting Domestic Production in Strategic Fields
- Special Measures for Promoting Open Innovation
- Special Measures for Preparation and Preservation of Documents Related to Transactions within Corporate Groups

■ International Taxation

- Global Minimum Tax (including provisions related to the ‘Measures Based on the International Agreement on the Global Minimum Tax,’ approved by the Cabinet on 23 January 2026)
- Controlled Foreign Company (CFC) Regime
- Special Measures for Foreign Partners of Investment Funds

■ Consumption Taxation

- Taxation on Cross-Border Electronic Commerce
- Taxation on Services Related to Real Estate Located in Japan

■ Individual Taxation

- Personal Reliefs, etc.
- Tax Measures to Secure Financial Resources for Strengthening Defense Capability (Special Defense Income Tax)
- Fair Tax Burden on Extremely High-Level Income
- Crypto Assets

The following back issues of Tax Newsletter include brief summaries of the above items:

- ['Outline of the 2026 Tax Reform Proposals'](#) issued on 25 December 2025
- ['Amendments to the Global Minimum Tax'](#) issued on 26 January 2026

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