

INPATRIATES JAPAN

Tax facts for International Assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

For non-residents, only Japan source income will be taxed in Japan as described below.

SOURCE OF INCOME SUBJECT TO TAXATION

Classification		Income tax				Inhabitant tax
		Income from Sources in Japan		Income from Sources Abroad		
		Paid in Japan	Paid in Abroad	Paid in Japan	Paid in Abroad	
Resident	Non-Permanent Resident	All income paid in Japan is taxable.	All income paid abroad is taxable.	All income paid in Japan is taxable.	Only the portion deemed remitted to Japan is taxable. (This means that the remainder retained abroad is not taxable.)	Taxable if you reside in Japan as a resident as of 1st of January (including income of nonresident period if there were Japan source income in nonresident period the year before.)
	Permanent Resident	All income paid in Japan is taxable.	All income paid abroad is taxable.	All income paid in Japan is taxable.	All income paid abroad is taxable.	
Nonresident		Income is, in principle, taxable.		Income is not taxable.		Less than 3 months -- No inhabitant tax *If you stay more than three (3) months and registered as a resident as of 1 January, subject to inhabitant tax

INCOME TAX RATES

Tax rates on Income (1)

Taxable Income	Tax Rate	Deduction
JPY0 to JPY1,950,000	5%	JPY0
JPY1,951,000 to JPY3,300,000	10%	JPY97,500
JPY3,301,000 to JPY6,950,000	20%	JPY427,500
JPY6,951,000 to JPY9,000,000	23%	JPY636,000
JPY9,001,000 to JPY18,000,000	33%	JPY1,536,000
JPY18,001,000 to JPY40,000,000	40%	JPY2,796,000
JPY40,001,000 or more	45%	JPY4,796,000

Tax rates on payroll or unlisted stock dividend: 20%; tax rates on dividends on listed stocks: 15%

Special Reconstruction Tax (2): Determined by multiply the base income tax (1) by a tax rate of 2.1%.

Total Income Tax: Sum of (1) and (2)

SOCIAL SECURITY CONTRIBUTIONS

Japan has the social insurance system mainly to operate pension scheme, health insurance, unemployment and labor's accident.

Pension Schemes

National Pension (Kokumin Nenkin):

All individuals that are registered to reside in Japan and aged between 20 and 59, irrespective of their nationality, must be covered by the National Pension system by law and must pay contributions.

Monthly contribution (Apr.2022-Mar.2023) is JPY16,590.

Welfare Pension Insurance (Kosei Nenkin Hoken)*

Example in Tokyo (September 2017-August 2023)

- Pension rate: Welfare Pension Insurance (18.3%)

Premium are calculated on the previous year's income.

Health Insurance

Medical care system for elder senior citizens:

For elderly aged 75 and over, premiums are calculated on the previous year's income

Health Insurance Association

Example in Tokyo (April 2022-March 2023)

- Health insurance rate: Health insurance (9.81%)
- Nursery insurance rate: (additional 1.64% for age over 40-64 years-old)

Each premium is usually split between the employer and the employee.

The rate changes depending on Prefectures. As these differ by participating association, individuals should contact the social security pension fund that a taxpayer joins through the company.

National Health Insurance

Japan has a mandatory public National Health Insurance. Individuals living in Japan must enroll in some form of public health insurance. Once all foreign residents, who plan to stay in Japan for one year or longer, have completed alien registration and are listed in the Basic Resident Register, they are required to enroll in the health Insurance scheme.

Premiums are calculated on the previous year's income.

For further information and to register for future updates contact expat@bdo.global

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