
Title	Japan – increased tax reporting requirements for MNEs
Purpose	To set out the increased tax reporting requirements in Japan for Multinational Enterprises (MNEs) following recommendations in the OECD's Base Erosion and Profit Shifting (BEPS) Project
Type	Event
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Date	18 October 2017
Deadline	31 December 2017 (for Notification of Ultimate Parent Entity if 31 December 2016 year-end)
Related links	http://www.nta.go.jp/foreign_language/international/index.htm

Overview

The purpose of this bulletin is to advise Lloyd's Members of additional tax filing requirements in Japan for Multinational Enterprises (MNEs) in relation to transfer pricing documentation and Country-by-Country Reporting (CbCR).

Background

The increased reporting requirements follow the recommendations of OECD's Base Erosion and Profit Shifting (BEPS) Project (Action 13: Guidance on Transfer Pricing Documentation and Country-by-Country Reporting).

Who this applies to

All Japanese corporations and foreign corporations having permanent establishments ("PE") in Japan where its consolidated multinational enterprise ("MNE") group revenue exceeds JPY 100 billion (approx. £700m) from the fiscal year starting 1st April, 2016.

Exceptions:

- 1) CbCR – Members filing CbCR to another tax authority (in a different jurisdiction) do not need to submit provided there is an exchange agreement with the Japanese government.
- 2) Multiple Japanese PE - If there is more than one Japanese corporation and/or foreign corporation in the same group having a PE in Japan, only one is required to submit the Documents listed above on behalf of the MNE group.

Documents to be prepared and submitted

Documents to be prepared and submitted to the Japanese tax authority:

- (1) Accounts of the ultimate parent entity along with the tax return,
- (2) Notification for Ultimate Parent Entity,
- (3) Country-by-Country Report (CbCR), and
- (4) Transfer Pricing Master File

See 'Implementation Summary' below for the submission deadlines.

Implementation Summary

	Notification for Ultimate Parent Entity	CbC Report	Transfer Pricing Master File
First reportable fiscal year	FY beginning on or after 1 Apr 2016 • For Mar year end: FYE Mar 2017 • For Dec year end: FYE Dec 2017	Same as "Notification for Ultimate Parent Entity"	Same as "Notification for Ultimate Parent Entity"
Thresholds	Filing required where consolidated MNE Group revenue exceeds JPY 100 billion in the immediately preceding fiscal year	Same as "Notification for Ultimate Parent Entity"	Same as "Notification for Ultimate Parent Entity"

Deadlines	Must be filed by the last day of the Ultimate Parent Entity's fiscal year end	Must be filed within one year of the Ultimate Parent Entity's fiscal year end	Same as "CbC Report"
Reportable items	(1) Name of Ultimate or Surrogate Parent Entity (2) Location of its head/principal office (3) Corporate number (4) Fiscal year (5) Name of its representative	Certain information for each tax jurisdiction in which the MNE group operates: (1) Amounts of revenue, profit (loss) before income tax, income tax paid/accrued, stated capital, accumulated earnings, (2) Tangible assets other than cash and cash equivalents (3) Number of employees (4) Resident entities (5) Main business activity	(1) MNE group's Organizational structure (2) Outline of MNE's business (3) MNE's intangibles (4) MNE's intercompany financial activities (5) MNE's financial and tax positions
Penalty	Not specified	Up to JPY300,000 if not timely filed	Up to JPY300,000 if not timely filed

Further detail

We will coordinate collection of required data where this has not been provided elsewhere. We will be in contact as required to obtain this information.

Further details can be found at

http://www.nta.go.jp/foreign_language/international/index.htm

Contacts

Should you require any assistance, please contact Laurence Peck for technical questions (email Laurence.peck@lloyds.com Tel +44 (0)20 7327 5655) and Simon Tyler (email Simon.Tyler@lloyds.com Tel +44 (0)1634 39 2512) in relation to practical matters.