

Voluntary Report – Voluntary - Public Distribution

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Report Name: Japanese Farmers Eligible for COVID-19 Related Tax Relief

Country: Japan

Post: Tokyo

Report Category: Agricultural Situation

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Report Highlights:

Japanese farmers, foresters, and fishermen whose income from sales decreased over 30 percent for any month between February and October of 2020 are eligible for tax relief as part of Japan's COVID-19 Emergency Economic Package. Farmers are also eligible to participate in an existing property tax incentive program that has been expanded to include facilities and buildings.

General Information

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF
AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

The Government of Japan passed two tax acts on April 30, 2020 that will temporarily allow for the postponement of national tax payments for one year, and the reduction or elimination of local tax payments.

Any tax payers (companies, individual business operators, and individuals – including farmers, foresters, and fishermen) whose income decreased 20 percent or more for at least one month are eligible for postponement of their national tax (corporate income tax, consumption tax) payment for one year without collateral or overdue tax fees.

Small and medium-sized business entities (including agricultural, forestry, and fishery entities) are also eligible for local tax reductions or exemptions.¹ Entities whose sales revenue decreased by 30 to 49 percent in any three months between February and October 2020, compared to the same period last year, are eligible for their local taxes (property taxes and the city planning tax) to be reduced by half. If sales revenue dropped by 50 percent or more, then local taxes will be reduced to zero.

In addition, an existing property tax incentive program for new capital investments for machinery and equipment has been expanded to include business facilities and buildings. The period for eligibility has also been extended by two years, to JFY2022. To be eligible, business facilities must install new, advanced equipment worth at least three million yen (\$28,037) and new buildings must have functions that contribute to at least one percent productivity improvement. The property tax rate remains unchanged from the existing tax incentive program under which a tax base value is deducted by a minimum of 50 percent and a maximum of 100 percent for the first three years (the deduction rate is determined by municipal governments). For farmers, facilities such as warehouses for tractors and agricultural machinery, collection/shipping facilities, greenhouses, and electric fences are included as eligible properties.

This tax relief measures are part of Japan's COVID-19 Emergency Economic Package ([JA2020-0085](#)).

Attachments:

No Attachments.

¹ Small and medium-sized business entities are defined as corporations with a capital of 100 million yen (\$935,000)¹ or less, or with up to 1,000 employees, and individual business entities with up to 1,000 employees