

## Recent development of tax reforms in Japan based on the BEPS final report (2015 report)

1. 2015
  - (1) Establishment on reporting system of a financial account information for non-residents
  - (2) Establishment of a deemed transfer profit taxation at the time of departure
  - (3) Exception of dividends subjected as deductible in the partner country from non-taxable (AP2)
  
2. 2016

Enhancing obligations of transfer pricing documentation (AP13)  
(Master File, Local File, Country-by-Country Report)
  
3. 2017
  - (1) Revising the Controlled Foreign Company rules (CFC)  
Entity approach → Income approach
  - (2) Signing the BEPS Multilateral Instrument (MLI) (AP15)
  
4. 2018
  - (1) Review of Permanent Establishment (AP6)  
(Clarification of branch PE / agent PE)
  - (2) Starting to implement CRS (AP15)
  
5. 2019
  - (1) Review of transfer pricing tax system (AP8 – 10)  
Introduction of DCF method (discounted Cash Flow method) and introduction of price adjustment measures for Hard-To-Value-Intangible (HTVI)
  - (2) Tightening of Japanese Earnings Stripping Rules (overpaying tax system) (AP4)  
(50% → 20%, interest expense to uncontrolled (unrelated) parties is also covered)
  
6. 2020

Review of Common Reporting Standard (CRS) system for automatically exchange of financial account information for non-residents (AP11)
  
7. 2021

Strengthening the tax administrator (agent) system (AP6)  
(Corresponds to international tax collection escape)