

Social Insurance Consulting Firm EOS
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Outline of Special income tax for reconstruction

Computation method of withholding income tax since January 2013

The Act for Securing Financial Resources for Reconstruction was promulgated on 2nd December 2011.

These financial resources are necessary implementing measures for reconstructions from the disaster that struck the TOHOKU district on 11th March 2011.

According to this special measures law, withholding agents (employers) must withhold both income tax and special income tax for reconstructions from 1st January 2013 through to 31st December 2037.

And then the withholding agents (employers) must pay both income taxes on legal terms.

How to calculate income tax and special income tax for reconstructions

Special income tax for reconstructions that should be withheld constitutes on addition of 2.1% of income tax that should be withheld.

At the same time as income tax is withheld, special income tax for reconstructions is withheld.

(*)When you calculate income tax and special income tax of salary, compensation or fee, please use the following chart #1

[How to calculate income tax and special income tax for reconstructions]

Taxable amount × amount of tax rate (%)(*1) = Income tax and special income tax for reconstructions

(*1) amount of tax rate (%) = income tax rate(%) × 102.1%

* chart #1

Income tax rate (%)	5	7	10	15	16	18	20
Amount of tax rate (income tax rate×102.1%)	5.105	7.147	10.21	15.315	16.336	18.378	20.42

Example

In the case an employer pays JPY888, 888 as salary, compensation or fee (income tax rate is 10%)

888,888 (taxable amount) × 10.21% (amount of tax rate)

= 90,755.4648 (round down) ⇒ ¥90,755 (amount of withholding tax)

For future correspondence or any other queries, please contact us by email.

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