

## Summary of the Local Corporation Tax

### [Law]

The Local Corporation Tax Act (Law No. 11 of 2014)

### [Purpose]

To finance monetary resources for distribution from the central government to the local governments in order to narrow the tax revenue gap between the local governments.

### [Summary of the tax]

- Type of tax: national tax
- Taxpayers: corporations
- Tax base: the amount of the Corporation Tax
- Tax rate: 4.4%
- Tax period: each taxable year commencing on or after October 1, 2014

The Local Corporation Tax is, in practice, an increase in the rate of the Corporation Tax. The rate of the Corporation Tax will effectively increase by 1.122% ( $25.5\% \times 4.4\%$ ) for large sized corporations with the capital of 100 million yen or more and 0.66% ( $15\% \times 4.4\%$ ) for small and medium sized corporations with the capital of less than 100 million yen for a taxable year commencing on or after October 1, 2014 with the introduction of the Local Corporation Tax.



# STATES OF GUERNSEY INCOME TAX

TREASURY AND RESOURCES DEPARTMENT

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Our Ref:

S&C.2(L)(25)/RRG

Your Ref:

11 November 2014

Dear Mr Takuji Tanaka

Thank you for your letter dated 19 September 2014.

On the basis of the description of the Local Corporation Tax, given in your letter, I am pleased to confirm my agreement that the Local Corporation Tax, which came into effect as of 1 October 2014, may be considered to be an identical or substantially similar tax to the Corporation Tax, and so will be one of the taxes covered, in the case of Japan, for the purposes of Article 4.1(a) of the Agreement between the Government of Japan and the Government of Guernsey for the Exchange of Information Relating to Tax Matters and the Avoidance of Double Taxation With Respect to Taxes on Income of Individuals, signed on 6 December 2011.

Yours sincerely

R GRAY  
Director of Income Tax

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