

## Japan

1. Japan was first reviewed during the 2017/2018 peer review. This report is supplementary to Japan's 2017/2018 peer review report (OECD, 2018<sup>[1]</sup>). The first filing obligation for a CbC report in Japan commences in respect of fiscal years commencing on or after 1 April 2016. Japan also allows its MNE groups to file a CbC report on a voluntary basis, for reporting fiscal years beginning between 1 January 2016 and 31 March 2016 (i.e. "parent surrogate filing").

### Summary of key findings

2. Japan's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017<sup>[2]</sup>).

### Part A: The domestic legal and administrative framework

3. Japan has primary law<sup>1</sup> in place which implements the BEPS Action 13 minimum standard, as well as secondary law<sup>2</sup> establishing the necessary requirements, including the filing and reporting obligations. Guidance has also been published.<sup>3</sup>

#### *(a) Parent entity filing obligation*

4. No changes were identified with respect to the parent entity filing obligation.

#### *(b) Scope and timing of parent entity filing*

5. No changes were identified with respect to the scope and timing of parent entity filing.

#### *(c) Limitation on local filing obligation*

6. No changes were identified with respect to the limitation on local filing obligation.

#### *(d) Limitation on local filing in case of surrogate filing*

7. No changes were identified with respect to the limitation on local filing in case of surrogate filing.

#### *(e) Effective implementation*

8. No changes were identified with respect to the effective implementation.<sup>4</sup>

### **Conclusion**

9. There is no change to the conclusion in relation to the domestic legal and administration framework for Japan since the previous peer review. Japan meets all the terms of reference relating to the domestic legal and administrative framework.

## Part B: The exchange of information framework

### *(a) Exchange of information framework*

10. As of 31 May 2019, Japan has 65 bilateral relationships in place, including those activated under the CbC MCAA and a bilateral QCAA. Within the context of its international exchange of information agreements that allow automatic exchange of information, Japan has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.<sup>5</sup> Regarding Japan's exchange of information framework, no inconsistencies with the terms of reference were identified.

### *(b) Content of information exchanged*

11. Japan has processes in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these processes.

### *(c) Completeness of exchanges*

12. Japan has processes in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these processes.

### *(d) Timeliness of exchanges*

13. Japan has processes in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs and terms of reference. It has provided details in relation to these processes.

### *(e) Temporary suspension of exchange or termination of QCAA*

14. Japan has processes in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA. It has provided details in relation to those processes.

### *(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance*

15. Japan has processes in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those processes.

### *(g) Format for information exchange*

16. Japan confirms that it uses the OECD XML Schema and User Guide (OECD, 2017<sup>[3]</sup>) for the international exchange of CbC reports.

### *(h) Method for transmission*

17. Japan indicates that it uses the Common Transmission System to exchange CbC reports.

**Conclusion**

18. *Japan has in place the necessary processes to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. Japan meets all the terms of reference regarding the exchange of information.*

**Part C: Appropriate use**

19. No changes were identified in respect of appropriate use. There were no recommendations issued in the 2017/2018 peer review.

20. No information or peer input was received for the reviewed jurisdiction suggesting any issues with appropriate use. There are no concerns to be reported in respect of appropriate use.

**Conclusion**

21. Japan meets all the terms of reference relating to the appropriate use of CbC reports.

## Summary of recommendations on the implementation of country-by-country reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

## Notes

<sup>1</sup> See Article 66-4-4 of Act on Special Measures concerning Taxation, Supplementary Provisions and Article 8-2 of Act on Special Provisions of the Income Tax Act, the Corporation Tax Act and the Local Tax Act Incidental to Enforcement of Tax Treaty. See [https://elaws.e-gov.go.jp/search/elawsSearch/elaws\\_search/lsg0500/detail?lawId=332AC0000000026&openerCode=1](https://elaws.e-gov.go.jp/search/elawsSearch/elaws_search/lsg0500/detail?lawId=332AC0000000026&openerCode=1) and [https://elaws.e-gov.go.jp/search/elawsSearch/elaws\\_search/lsg0500/detail?lawId=344AC0000000046&openerCode=1](https://elaws.e-gov.go.jp/search/elawsSearch/elaws_search/lsg0500/detail?lawId=344AC0000000046&openerCode=1).

<sup>2</sup> See Article 39-12-4 of Order for Enforcement of the Act on Special Measures concerning Taxation, Supplementary Provisions and Article 22-10-4 of Ordinance for Enforcement of the Act on Special Measures concerning Taxation. See [https://elaws.e-gov.go.jp/search/elawsSearch/elaws\\_search/lsg0500/detail?lawId=332CO0000000043&openerCode=1](https://elaws.e-gov.go.jp/search/elawsSearch/elaws_search/lsg0500/detail?lawId=332CO0000000043&openerCode=1) and [https://elaws.e-gov.go.jp/search/elawsSearch/elaws\\_search/lsg0500/detail?lawId=332M50000040015&openerCode=1](https://elaws.e-gov.go.jp/search/elawsSearch/elaws_search/lsg0500/detail?lawId=332M50000040015&openerCode=1).

<sup>3</sup> See Commissioner's Directive on Interpretation of the Act on Special Measures concerning Taxation, Commissioner's Directive on the Operation of Transfer Pricing (Administrative Guidelines), Commissioner's Directive on Form of Application and Reporting on Corporation Taxation (Form No.128), Commissioner's Directive on Form of Application and Reporting on Corporation Taxation (Form No.129), Commissioner's Directive on Form of Application and Reporting on Corporation Taxation (Form No.130). Texts of the Commissioner's Directives can be found from following links:

[www.nta.go.jp/law/tsutatsu/kobetsu/hojin/sochiho/750214/12/12\\_66\\_4\\_4.htm](http://www.nta.go.jp/law/tsutatsu/kobetsu/hojin/sochiho/750214/12/12_66_4_4.htm);

[www.nta.go.jp/law/jimu-unei/hojin/010601/06.htm](http://www.nta.go.jp/law/jimu-unei/hojin/010601/06.htm);

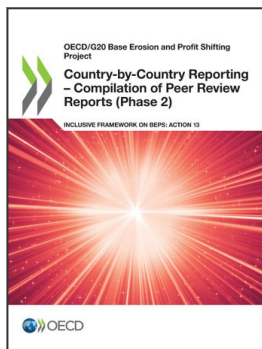
[www.nta.go.jp/law/tsutatsu/kobetsu/hojin/010705/pdf/tt128.pdf](http://www.nta.go.jp/law/tsutatsu/kobetsu/hojin/010705/pdf/tt128.pdf);

[www.nta.go.jp/law/tsutatsu/kobetsu/hojin/010705/pdf/tt129.pdf](http://www.nta.go.jp/law/tsutatsu/kobetsu/hojin/010705/pdf/tt129.pdf);

and [www.nta.go.jp/law/tsutatsu/kobetsu/hojin/010705/pdf/tt130.pdf](http://www.nta.go.jp/law/tsutatsu/kobetsu/hojin/010705/pdf/tt130.pdf).

<sup>4</sup> Japan's 2017/2018 peer review included a general monitoring point relating to a specific process to that would allow to take appropriate measures in case Japan is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with respect to its obligation to file a CbC report. This monitoring point remains in place

<sup>5</sup> No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



From:

## Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2)

Inclusive Framework on BEPS: Action 13

Access the complete publication at:

<https://doi.org/10.1787/f9bf1157-en>

### Please cite this chapter as:

OECD (2019), “Japan”, in *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/87e8676f-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.