

Client Alert

Now Corona virus (COVID-19) is spreading all over the world and most companies is facing difficulties due to the situation. Responding to the current situation, we will provide the information related to the extension on payment and benefit provided by the government.

EXTENSION on PAYMENT

Japan government already announced that filing and payment due dates for individual income tax, individual consumption tax, and gift tax for 2019 will be extended by one month to April 16, 2020.

National Tax Agency has issued the following guidelines in relation to Coronavirus

- If shareholders meetings is postponed due to coronavirus infectious disease, and financial statement is not approved by the general meeting of shareholders by tax filing deadline, the extension of filing deadline is allowed. This treatment is only applied to corporate tax and local corporate tax, not for consumption tax. That's because corporate tax is calculated based on the Financial statement approved by shareholders meetings, but consumption tax doesn't need to be calculated by Financial statement approved by shareholders meeting.
- Other than the reason of extension of general meeting of shareholders, if delay of the preparation of financial statements and consumption tax return which is caused by the situation in which the ordinary business operation cannot be maintained due to the recommendation of employees to take leave, etc., the extension of filing deadline is allowed for consumption tax.
- There is a system of extension for tax payment as a remedy for those who cannot pay national tax at one time due to lack of funds due to various circumstances. Extension of tax payment is applicable for following specific circumstances, such as in connection with coronavirus infection.
 - when there is considerable loss on property due to a disaster
 - when the person or family becomes sick
 - when the business is abolished or stopped
 - when there is significant loss incurred on business
- The system of extension for payment is applicable for all tax items regardless of individuals or corporations. The extension system depending on the taxpayer's situation can be guided by the Jurisdiction tax office.

<Corporate tax refunds>

In addition to above, Japan government also plans the following measures for those who are worried about their lives in the light of outbreak of the new coronavirus infectious and the current economic downward consequently.

Implementation of corporate tax refunds for companies that have been forced to incur losses due to the outbreak of the new coronavirus.

By applying the special treatment at the time of natural disasters to losses caused by corona treatment, it will cover a wide range of small and medium-sized enterprises and will rescue food service providers and restaurants that have lost due to the disposal and disinfection of foodstuffs.

Large companies that would not normally be eligible for refunds are also included in this treatment.

The government also plans to assist catering companies that have been forced to discard food for school lunches following government 's call for schools to shut down from early March through the end of a spring vacation in early April.

Aside from refunds, the government is also considering separate tax measures for affected small and midsize firms and individuals as part of the new emergency package.

<Emergency loans>

The maximum amount is 200,000 yen, with special repayment exemptions, is provided for sole proprietors who need emergency and temporary loans to maintain their livelihoods due to the effects of the new coronavirus infectious disease, whose income has decreased due to suspension of business, etc. For this reason, emergency reserve funds (10.4 billion yen) will be taken promptly for emergency small funds.

<Postponement of public utility payment>

Utility bill payments is deferred for households placed in financial straits by the coronavirus outbreak. The internal affairs ministry also called for lenience on payment of water and phone bills, with Nippon Telegraph and Telephone Corp. announcing users facing deadlines from the end of February onward can ask for a delay until the end of May.

<Social insurance premiums>

Companies which have difficulty affording social insurance premiums temporary in this situation can extend the payment period or apply installment payment by taking a procedure to the pension office.

Benefit provided by the Government

Grants from the Ministry of Health, Labor and Welfare for measures against new coronavirus infections

<Special Provisions for Employment Adjustment Subsidies>

- Take special measures to ease requirements for employment adjustment subsidies for employers who have been forced to downsize due to a new coronavirus infection.
- When an employee is absent from work without being dismissed, an amount equivalent to the allowance for absence from work multiplied by the subsidy rate (2/3 of SMEs, 1/2 of large enterprises) is paid (Up to 8,330 yen per person per day).

<Establishment of new subsidies for the closure of primary schools due to new coronavirus infections>

- Subsidies are provided to employers who have had the guardians of children who attend temporarily closed elementary schools take paid (full wage payment) leave.
- In the event that an eligible employee takes such paid leave, an amount equivalent to his or her wage will be paid to both SMEs and large enterprises (Up to 8,330 yen per person per day).

<Special Provisions for Subsidies for the Improvement of Overtime Work, etc. (Telework course and workplace awareness improvement course)>

- In order to support SMEs that have introduced telework as a measure against new coronavirus infections or have established rules for special leave, a special course was established for the Overtime Work Improvement Grants (Telework course and workplace awareness improvement course), for which applications for this fiscal year had already been accepted.
- When telework is newly introduced
->You are eligible for the special telework course (The subsidy rate is 1/2 and the maximum amount per company is 1 million yen.).
- Working to create an environment that encourages employees to take vacations
->This is subject to the special course (The subsidy rate is 3/4 [4/5 in certain cases], and the maximum amount is 500,000 yen.) for improving workplace awareness.