

Japan	
When will I be taxed in relation to my plan benefits?	<p>Award: No income tax. No social security.</p> <p>Vesting: Income tax. No social security.</p> <p>Transfer to participant: No income tax. No social security.</p> <p>Sale by participant: Capital gains tax on increase in value since vesting. No social security.</p>
What is the maximum rate of income tax payable in relation to my plan benefits?	55.945% (2024). Any change in tax rates usually takes effect from 1 January.
Income tax rates	National income tax rates are progressive up to 45%. The maximum income tax rate of 55.945% includes local income tax of 10% and the 2011 earthquake recovery surcharge of 2.1%, which is assessed on the taxpayer's national income tax.
Will my employer withhold income tax in relation to my plan benefits?	Generally, no. Withholding depends on a number of factors, including recharge and the level of local employer involvement. Specific advice is recommended.
Are my plan benefits subject to social security contributions?	Whether or not social security is payable on share benefits in Japan is not free from doubt. However, it is generally accepted that shares are not classified as wages or bonus, in which case social security contributions are not due. If shares are cash settled, social security will be payable. If social security is payable, the employer would be required to withhold the employee's contribution.
Employee social security	<p>Employees pay contributions for health, nursing care, pensions and unemployment insurance. Various rates, caps, adjustments and exceptions apply, depending on factors including the location of the head office of the company, the size of the company, the kind of business conducted by the company and the insurance cover used by the company. The following rates apply where the employer's office is located in Tokyo or the head office makes a lump sum application at the Tokyo rate, and assumes the employees are general office workers (lower rate) or construction workers (higher rate).</p> <p>Employee social security (max rate): for fiscal year 2024 (i.e. from 1 April 2024 to 31 March 2025) approximately:</p> <ul style="list-style-type: none"> • 15.54% (office) • 15.64% (construction). <p>Employee social security (cap): various caps, adjustments and exceptions apply.</p>
What is the maximum rate of capital gains tax?	<p>20.315%</p> <p>Capital gains are taxed at a flat rate of 15.315% for national tax and 5% for local tax.</p>

<p>What is the maximum tax rate payable on dividends?</p>	<p>Listed shares: taxpayer's choice of:</p> <ul style="list-style-type: none"> • 20.315% (separate self-assessment taxation) subject to any available tax credit; or • 55.945% (comprehensive income tax) subject to any available tax credit. <p>Unlisted shares: 55.945% (comprehensive income tax) subject to any available tax credit.</p>
<p>Do I have to report any income in relation to the plan to my local tax authority?</p>	<p>Generally yes. If the plan benefits are paid through the local employer and are subject to Japanese withholding tax, employees resident in Japan whose annual gross salary receipt amount (including the amount of salaries other than the plan benefits) is JPY20million or less and whose income, other than salary income and retirement income, for that year is JPY200,000 or less, are not required to file annual tax returns.</p> <p>There is no specific filing in relation to equity related incentives.</p> <p>Individuals are required to report foreign held assets if those assets have a market value (or estimated value as an alternative) over JPY50million as of 31 December.</p> <p>Report name:</p> <ul style="list-style-type: none"> • Annual Tax Return. The return can be filed online. The tax return can be downloaded from the website here; • Foreign assets reports are filed physically or electronically on the Foreign Assets Report website (<i>Kokugai Zaisan Cho-sho</i>) here. <p>Tax period: 1 January to 31 December.</p> <p>Reporting deadline: tax returns must be filed by 15 March of the subsequent year. Foreign asset reports must be filed by 30 June of the subsequent year.</p> <p>Payment of tax: any unpaid income tax is due by the date of filing the tax return.</p>

Tax - Employee Notes - Free shares / RSUs



This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes; retention and holding periods; restrictions on the shares; clawback terms and periods; and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 14 February 2025. Changes in legislation or practice after this date may affect the tax treatment.

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