

Regarding deduction for dependents

pertaining to relative dependents overseas

(Main Point of 2016 taxation system revision)

● WHAT IS DEPENDENTS DEDUCTION IN THE FIRST PLACE . . .

A deduction allowed to a tax payer when he has supported a relative dependents (a specific sum will be deducted from an income amount according to the number of relatives he has supported)

What exactly it is . . .

A system when a tax becomes cheaper depending on the number of relatives being supported by the tax payer

● RELATIVES OVERSEAS ARE ALSO SUBJECT FOR DEPENDENT DEDUCTION

【Pre Conditions】

- Tax payer should be paying his taxes in Japan
- Tax payer should be providing financial support to his family relatives overseas

【For Japanese national (spouse is a Filipino or Foreign national)】

Within 3rd degree relative by affinity (parents · grandparents · siblings · nieces/nephews · uncles/aunts)

【For Filipinos or Foreign nationals】

Within 6th degree blood relatives (parents · grandparents · siblings · nieces/nephews · uncles/aunts · cousins · great-grandparents · in-laws etc.)

※ Here is the contents of the taxation system revision

- Partial revision of the Income Tax Law under Tax System Reform (Text is from National Tax Agency Homepage)

With respect to withholding at source for salary or the year-end tax adjustment, if the resident who receives salary, etc. applies for deduction for dependents etc.

(deduction for dependents or spouses, a special deduction for spouses or a deduction for the disabled) pertaining to relative overseas such resident is required to submit or present “Documents concerning relatives” and Documents concerning remittances for the concerned relatives to the payer of the salary. Translation of these documents need to be attached if written in foreign languages.。

To put it shortly, to include relatives residing overseas . . .

Presenting a 「Family relationship related documents」 and 「documents concerning remittances」 is necessary.

● **Documents concerning relatives are . . .**

Documents indicating blood relationship between tax payer and dependents and documents certifying dependents place of residence

- ① Copy of the supplementary family register in that particular country or any documents issued by the local public organization of that country
- ② Foreign government or foreign local public organization issued documents (Showing names, date of birth and address of relative overseas and or his records stating his residence is best.)

(Example) Family registration · Birth certificates · Marriage Certificates · Non-resident relatives passport copies

● **Documents concerning remittances are . . .**

Documents issued by a financial institution that prove payments you made to relative overseas through exchange transactions of the financial institution or a copy of such documents

Documents issued by a credit card company that prove that relative overseas have used a card issued by the credit card company for purchasing products and services and thereby have received and will receive from you the amount equivalent to the amount spent with the credit card or a copy of such document.

(Example) Overseas Remittance Receipts · Remittance Certification · Utilization Bill of Credit Card

● Importance of overseas remittance

When applying for dependents deduction etc. regarding two or more relatives overseas, remittances need to be made to each of such relative.

Meaning . . .

For dependents deduction to be applicable the tax payer who have 5 dependents, needs to remit to each one of his 5 dependents

- ※ **If he is remitting money only to one dependent (as representative of other relatives/dependents) only that person will be accepted as dependent.**
- ※ Only account holder recipient will be recognize as relative dependent.
- ※ Direct cash hand over (cash delivery when travelling) · and or enclosing cash to international mails or parcels will no longer be accepted.

● Changes from previous system

Please see attached other page

● As an example . . .

· **Filipino National (working in a company for 5 years)**

Annual Income is 3,000,000yen

Annual Total Remitted amount is 500,000yen

With 4 Relative dependents (mother · father · brother · sister)

Mother as remittance beneficiary

[Up to now]

Annual Income 3,000,000yen – Dependents deduction (for 4) 1,520,000yen =

Reduce Tax / Refund Amount around 60,000yen

Maximum of past 5years tax refund application is possible = 60,000yen × 5years

= **around 300,000yen**

【After 2016】

Annual Income 3,000,000yen - Dependents deduction (for 1) 380,000yen =
Reduce Tax / Refund Amount around 17,000yen

Maximum of past 5years tax refund application is possible = 17,000yen x 5years
= **around 85,000yen**

◆ **For income tax alone a difference of more than 215,000yen**

◆ **Furthermore, residence taxes (municipal · prefectural taxes) is also subject for refund, and in 5years a total differences of more than 500,000yen**

※ Amount mentioned above is an estimation.

● REGARDING MY NUMBER

- My number is the 12 digits Individual number of resident in Japan
- The use of individual number card started January 1st of 2016
- Hereafter the presentation of “my number” will be necessary when remitting money to financial institution.
- In addition, it is also necessary to present “my number” when applying for dependent deduction on a year-end tax adjustment, the final income tax return of the company

● SUMMARY

- ① To prove relationship of tax payer and his relative overseas 『Documents concerning relatives』 is necessary.
- ② Submission of remittances made through financial institution (banks · remittance services) by the tax payer himself to all his relatives overseas + 『Documents concerning remittances』

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