



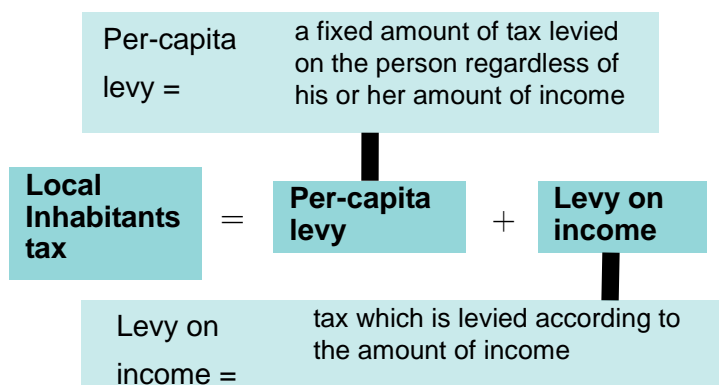
### 3 Local tax

Local taxes are the taxes which are calculated based on your income over the preceding year, paid to the prefecture or municipality where you are living as of 1 January of the year in question, consisting of local inhabitants tax, fixed asset tax, and the motor tax which is levied on owners of motor vehicles as of 1 April of the year in question.

#### 3-1 Local inhabitants tax

##### (1) What is local inhabitants tax?

Local inhabitants tax is the fee for living as a "inhabitant" in the region where you live. Local inhabitants tax is made up from a per-capita levy and a levy on income.



In the case of the 23 wards which make up Tokyo, local inhabitants tax is made up of a combination of "special ward inhabitants tax" and "metropolitan inhabitants tax."

In other regions, local inhabitants tax is made up of a combination of "prefectural inhabitants tax" and "metropolitan inhabitants tax."

##### (2) File for local inhabitants tax

As a general principle, persons with an address in a given municipality must file for local inhabitants tax at the administrative office between 16 February and 15 March. However, those persons who are applicable to the following instances do not need to file for local inhabitants tax.

- Persons who are salary income earners or pension recipients, and who have not source of income in the preceding year other than salary or pension
- Person who have filed for income tax returns
- Persons who are exempt under other municipal ordinances



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### (3) How to pay local inhabitants tax (special tax collection and ordinary collection)

There are two ways to pay local inhabitants tax: special tax collection and ordinary tax collection.

<b>Special tax collection</b>	In this method, the tax is paid at source through deduction (withholding) from your salary. The company which is the place of work for the salary income earner will deputize the payment. The company deducts the amount of tax from the monthly salary, and pays the monthly taxation amounts before the 10th day of the month following the month in question.
<b>Ordinary tax collection</b>	People such as independent business proprietors, farmers and freelancers pay the tax in four installments over the course of a year through a tax notice which is issued by their municipal administrative office in June. The payment is carried out at the person's nearest bank, post office etc. The person can also use bank transfer (automatic payment) which will debit the amount from his or her bank account or post office account.