



Press Release

報道参考資料

For immediate release

ACCJ Forms Task Force to Study Provisions in the 2005 Tax Reform Act that Affect Foreign Investment in Japan

May 25, 2005 (Tokyo)— The American Chamber of Commerce in Japan (ACCJ) has established a task force to undertake a thorough review of the new 2005 Tax Reform Act, which passed the Diet on March 30, 2005, to ensure that there are no negative implications on foreign firms and FDI.

The 2005 Tax Reform Act, together with implementing regulations (Income Tax Law Cabinet/Enforcement Orders released on April 4, 2005), includes two provisions affecting foreign investment in Japan. The first imposes a 20% withholding tax on distributions to nonresident partners of partnerships doing business in Japan ("Partnership Withholding"). The second attributes ownership among partners for purposes of determining the percentage of ownership in a domestic corporation under the 25/5 capital gains exemption for foreign investors ("25/5 Partnership Aggregation").

In the coming months, this ACCJ Task Force will address the impact of the Partnership Withholding and 25/5 Partnership Aggregation measures through a joint effort of its Financial Services, Foreign Direct Investment, and Taxation Committees.

The ACCJ will also review these two provisions in light of the Prime Minister's stated policy objective of doubling FDI within a five-year time period and for consistency with international tax principles and OECD standards with a view to formulating proposals designed to mitigate any negative impact of these measures, while promoting fair and proper enforcement of the Japan tax laws.

About the ACCJ

Established in 1948, the American Chamber of Commerce in Japan (ACCJ) has grown into Japan's most influential organization representing the interests of international businesses in Japan, with close to 3,200 individual members representing more than 40 countries and 1,300 companies. The ACCJ promotes commerce between the United States and Japan, supports measures to benefit and protect the interests of U.S. companies, and presents a variety of programs that keep Chamber members abreast of current business practices and trends. For further information, visit the ACCJ public website, <http://www.accj.or.jp>.

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