



2025 / Reiwa 7

Year-End Tax Adjustment

Based on the contents of the National Tax Agency pamphlet “How to do the year-end tax adjustment for 2025”

What is the “year-end tax adjustment”?

Salary payers are required to withhold income tax and other taxes when paying salary every month (or day). That said, there is usually a discrepancy between (A) the total amount of tax withheld throughout the year and (B) the actual amount of tax (annual tax amount) that is owed by the taxpayer (based on the salary recipient's total salary for the year.)

The discrepancy between (A) and (B) must be settled. Once the total annual salary is fixed at the end of the year, (B) is calculated, and compared with (A) to determine the excess or shortfall. Tax will then be refunded or collected accordingly. This settlement procedure is called the “year-end tax adjustment.”

The year-end tax adjustment is an important procedure because if your employer settles your tax amount through the year-end tax adjustment, you will not need to file an income tax return on your own!



Who is subject to the year-end tax adjustment?

In principle, a year-end adjustment is conducted for all persons who have submitted the “Application for (change in) Exemption for Dependents of Employment Income Earners” to their salary payer, but there are some exceptions. Examples of when one would be subject (or not) to the year-end tax adjustment are listed below.

Persons subject to the year-end tax adjustment

Anyone who meets one of the following criteria
*This is not a complete list, other criteria may apply.

1. Those who have worked for more than 1 year
2. Those who became a non-resident during the year due to reasons such as being transferred to an overseas branch office
3. Those who started working midway through the year and continue to work until the end of the year
4. Those who resigned during the year due to one of the following reasons:
 - Death of the person
 - Those who resigned because of a serious mental or physical disability, and were judged at the time of their resignation to be unlikely to find new employment within the current year.
 - Those who resigned after receiving their salary due in December
 - Those who resigned from working part-time and whose annual salary for the current year was less than 1,230,000 yen.

Persons NOT subject to the year-end tax adjustment

Anyone who meets one of the following criteria
*This is not a complete list, other criteria may apply.

1. Those who meet the criteria for the year-end adjustment, but whose annual salary exceeds 20,000,000 yen.
2. Those who receive income from more than two employers and submitted the “Application for (change in) Exemption for Dependents” to their other employer, or those who did not submit the “Application for (change in) Exemption for Dependents” before the year-end adjustment period.
3. Those who resigned midway through the year, and do not meet criteria 3 of the above section.
4. Non-residents
5. Those who are not continuously employed by the same employer, such as day laborers

Note: If you are not subject to the year-end adjustment, you will need to file a tax return within the filing period yourself.

When is the year-end tax adjustment carried out?

The year-end tax adjustment occurs when the last salary of the year is paid. The process usually starts in November and is completed in December. If you haven't started yet, you should check with your employer.



Do I need to submit any application forms?

By submitting the appropriate application forms to your employer, you may be eligible to receive a variety of tax deductions at the year-end tax adjustment. Multilingual versions of these forms can be found on the National Tax Agency's website.

Please note that the year-end tax adjustment this year includes revisions such as an increase in the income threshold for dependents who are eligible for the dependent deduction and the creation of a special deduction for specific relatives.



Various forms (Application for Exemption of Dependents etc.)

<https://www.nta.go.jp/users/gensen/nencho/shinkokusyo/gaikokugo.htm>

Available in: English, Chinese, Portuguese, Spanish, Vietnamese, Tagalog



For Those Applying for an Exemption for Dependents, etc. with Regard to Non-Resident Relatives

<https://www.nta.go.jp/publication/pamph/gensen/gaikokugo/02.htm>

Available in: Japanese, English, Chinese, Portuguese, Spanish, Vietnamese, Tagalog



Outline of Japan's Withholding Tax System Related to Salary

<https://www.nta.go.jp/publication/pamph/gensen/gaikokugo/07.htm>

Available in: Japanese, English, Chinese, Portuguese, Spanish, Vietnamese, Tagalog



Various forms for Year-End Tax Adjustment (Ukrainian language documents)

<https://www.nta.go.jp/publication/pamph/nencho/shinkokusyo/index.htm>



About Japan's Tax Conventions

If your country and Japan have concluded an income tax convention and you have submitted the "Application Form for Income Tax Convention", you may be exempt from paying taxes such as income tax. If you are exempt, then you will not need to do the year-end adjustment.

If your income tax was withheld at the source due to failure to submit this form, you could still be eligible for a refund, provided that you submit the "Application Form for Income Tax Convention" and the "Application Form for Refund of the Overpaid Withholding Tax In Accordance With the Income Tax Convention (Form 11)" to the tax office via your employer.

