

Japan

International Estate Planning Guide

IBA Private Client Tax Committee

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I. Wills and disability planning documents

A. *Will formalities and enforceability of foreign wills*

Under Article 961 of the Japanese Civil Code, any person who has attained 15 years of age may make a will. There are three types of wills. Article 967 of the Civil Code provides that 'A will shall be made by holograph document, notarised document, or sealed and notarised document; provided that this shall not apply to the case where it is permissible to use a special method'.

To make a will by holograph document, the testator must write the entire text, date, and their name in their own hand and affix their seal (Civil Code, Article 968).

A will by notarised document shall be made in compliance with the following items:

- no fewer than two witnesses shall be in attendance;
- the testator shall give oral instruction of the contents of the will to a notary public;
- the notary public shall take dictation from the testator and read this aloud to, or allow inspection by, the testator and witnesses;
- the testator and witnesses shall each sign the certificate and affix their seal after having approved its accuracy – if a testator is unable to sign, a notary public may sign on their behalf, with supplementary registration providing an explanation of the notary's signature; and
- a notary public shall give supplementary registration to the effect that the certificate has been made in compliance with the formalities listed in each of the preceding items, sign the supplementary registration and affix their seal (Civil Code, Article 969).

A will by sealed and notarised document shall be made in compliance with the following formalities:

- the testator shall sign, and affix their seal to, the certificate;
- the testator shall seal the certificate and, using the same stamp as that used for the certificate, affix their seal;
- the testator shall submit the sealed certificate before one notary public and not less than two witnesses, with a statement to the effect that it is their own will, giving the author's name and address;
- after having entered the date of submission of the certificate and the statement of the testator upon the sealed document, a notary public shall, together with the testator and witnesses, sign it and affix their seal (Civil Code, Article 970).

In 1964, Japan ratified the Convention of 5 October 1961 on the Conflicts of Laws Relating to Testamentary Dispositions. As a result of the ratification of the convention, the Act on Governing Laws Relating to the Form of Testamentary Dispositions was enacted. According to this act, the form of a testamentary disposition shall be valid if it complies with the laws of the following jurisdictions (Act on Governing Laws Relating to the Form of Testamentary Dispositions, Article 2):

- the jurisdiction where the testator made the disposition;
- a nationality possessed by the testator, either at the time when they made the will or at the time of their death;
- a jurisdiction where the testator had their domicile, either at the time when the testator made the will or at the time of their death;
- the jurisdiction where the testator had their habitual residence, either at the time when the testator made the will or at the time of their death; or

- regarding immovables, the jurisdiction where they are located.

B. *Will substitutes (revocable trusts or entities)*

A trust may act as a will substitute. The Trust Act (Act No 108 of 15 December 2006) provides rules regarding the establishment and operation of a trust.

The term 'trust' as used in the act means an arrangement in which a specific person, by a trust agreement, will or manifestation, administers or disposes of property in accordance with a certain purpose and conducts any other acts that are necessary to achieve such purpose (Trust Act, Article 2). A trust can be created by an agreement between a settlor and a trustee, by a will of the settlor or by declaration of trust by the settlor (Trust Act, Article 3).

C. *Powers of attorney, directives and similar disability documents*

A power of attorney allows a person to act on behalf of another person. According to the Civil Code of Japan, Article 653, a mandate shall terminate when the principal or agent dies (Civil Code, Article 653(i)). The courts have determined that this provision does not prohibit the parties from agreeing to extend the effect of the mandate beyond the death of the principal (Supreme Court Judgment, 22 September 2002).

II. **Estate administration**

A. *Overview of administration procedures*

According to the Civil Code of Japan, a custodian of a will other than a notarised will, after becoming aware of the commencement of inheritance, shall without delay submit the will to the family court and apply for probate. If there is no custodian of a will, the same shall apply after an heir discovers the will. A will that has been sealed may not be opened unless it is opened in the family court and in the attendance of an heir or their representative (Civil Code, Article 1004).

A testator may, by will, designate one or several executors, or entrust that designation to a third party. If a person who has been entrusted with the designation of an executor intends to resign from entrustment, they shall notify the heir(s) to that effect without delay (Civil Code, Article 1006). If an executor consents to serving, they shall undertake their duties immediately (Civil Code, Article 1007). If no executor was appointed or the office becomes vacant, the family court may appoint an executor on the application of an interested party (Civil Code, Article 1010).

An executor shall, without delay, prepare an inventory of inherited property and deliver this to the heir(s) (Civil Code, Article 1011). The executor shall have the rights and duties of administration of inherited property and all other necessary acts for the execution of a will (Civil Code, Article 1012). The executor shall be deemed the representative of the heir(s) (Civil Code, Article 1015). Under the Japanese Civil Code, legal title, rights, obligations and so on are immediately transferred from the deceased person to the heir(s) upon their death in accordance with the will. Therefore, the executor distributes assets or discharges obligations on behalf of the heir(s).

The family court may determine the remuneration of an executor according to the status of the inherited property and other circumstances, unless the testator has specified remuneration in the will (Civil Code, Article 1018). If an executor has failed to perform their duties, or if there is any other justifiable reason, an interested party may apply to the family court for the dismissal of the executor. An executor may resign from their duties

with the permission of the family court if there is a justifiable reason (Civil Code, Article 1019).

B. *Intestate succession and forced heirship*

In the case of intestate succession, the Japanese Civil Code provides for statutory heir(s) and statutory shares. The child of a decedent is an heir. If a decedent's child predeceased or lost the right to inheritance by application of the provisions of law or disinheritance, the child of the decedent's child shall be a *per stirpes* heir. This rule does not apply if the substituted heir is not a lineal descendant of the decedent (Civil Code, Article 887).

In the case where there is no child or issue of children, lineal ascendants of the decedent are the statutory heir(s). Between persons of differing degrees of kinship, the person who is of closer relationship shall have higher priority of inheritance. If there are no children, issue ascendants, then siblings of the decedent, are the statutory heir(s).

1. Children or grandchildren if no child (first group);
2. Parent or grandparent if no parent (if no-one survives in the first group); and
3. Siblings or niece and nephew if no sibling (if no one survives in the first and second groups).

The spouse of a decedent is always an heir. If there is a person entitled to become an heir pursuant to the provisions of Article 887 or the preceding article, the spouse shall be of the same rank as that person (Civil Code, Article 890).

If there are two or more heirs, their shares in inheritance shall be determined according to the following rules (Civil Code, Article 900):

- if a child and a spouse are heirs, the child's share and the spouse's share shall be half each;
- if a spouse and a lineal ascendant are heirs, the spouse's share shall be two-thirds and the lineal ascendant's share shall be one-third;
- if a spouse and sibling(s) are heirs, the spouse's share shall be three-quarters and a sibling(s)'s share shall be one-quarter; and
- if there are two or more children, lineal ascendants or siblings, the share is divided equally among the group. However, the share of a sibling who shares only one parent with the decedent shall be half the share of a sibling who shares both parents.

Under the Japanese Civil Code, if there are two or more heirs, the inherited property belongs to those heirs in co-ownership (Civil Code, Article 898). Joint heirs may at any time divide inherited property by agreement. If agreement is not, or cannot be, settled between joint heirs regarding the division of inherited property, each of the joint heirs may make an application to the family court for a division of the inherited property (Civil Code, Article 907). Upon the division of inherited property, the type and nature of rights associated with the inherited property, as well as the age, occupation, mental and physical state, and financial circumstances of each heir, and all other matters, shall be considered (Civil Code, Article 906).

In special situations, if it is not evident whether an heir exists, an estate may be treated as a juridical person (Civil Code, Article 951). If there is no person who asserts a right as an heir within the statutory period, upon application and the court's finding of reasonableness, the family court may grant a person the property remaining after liquidation, in whole or in part. Persons who may receive a decedent's property in the absence of heirs include a person who shared a livelihood with the decedent, a person

who contributed to the medical treatment and nursing of the decedent, or any other person who had a special connection with the decedent (Civil Code, Article 958-3). The remaining portion of inherited property shall belong to the National Treasury (Civil Code, Article 959).

Heirs other than siblings shall receive, as a legally reserved portion, an amount equivalent to the ratio prescribed in each of the following items in accordance with the divisions listed therein (forced heirship) (Civil Code, Article 1042):

- in the case where only lineal ascendants are heirs, one-third of the decedent's property; and
- in all other cases, half the decedent's property.

A gift made within one year before death shall be included in the amount calculated pursuant to the provisions of the preceding article. Regarding the application of this provision concerning gifts to heirs, the term 'one year' shall be extended to 'ten years', and the amount shall be limited to the value of gifts received for marriage, adoption or for living expenses. A gift made before one year prior to death shall be included in the amount calculated pursuant to the provisions of the preceding article if it was made with the knowledge of both parties that it would diminish a claimant's legally reserved portion (Civil Code, Article 1044).

A statutory heir may renounce their legally reserved portion; however, renunciation before the commencement of inheritance shall only be effective with court approval (Civil Code, Article 1049).

C. *Marital property*

Under the Japanese Civil Code, property owned by a husband or wife before marriage and property obtained in the name of the husband or wife during marriage shall be separate property (property owned singularly by one party to a marriage). Property that does not clearly belong to either the husband or wife shall be presumed to be held in co-ownership (Civil Code, Article 762).

One party to a divorce may claim a distribution of property from the other party. If the parties do not, or cannot, agree regarding the distribution of such property, either party may make a claim to the family court for a disposition in lieu of agreement within two years from the day of divorce. The family court shall determine whether to make a distribution, and the amount and method of that distribution, taking into account the amount of property obtained through the cooperation of both parties and all other circumstances (Civil Code, Article 768).

1. TENANCIES, SURVIVORSHIP ACCOUNTS AND PAYABLE ON DEATH ACCOUNTS

If a spouse lives in a building owned by the decedent free of charge at the beginning of the inheritance, the spouse has the right to continue to live in the residential building for at least six months (the spouse short-term residence right) (Civil Code, Article 1037). Also, the spouse has residence rights to live in a residential building until the spouse's death in principle, even if the spouse does not inherit the right to the home, in one of the following four cases (the spousal residence right – Civil Code, Article 1028):

1. when it is decided to acquire spouse residence rights due to an inheritance division agreement;
2. when the spouse's residence right is provided in the will as a bequest;

3. when there is a death cause gift contract between the decedent and the spouse to grant the spouse's residence right; and
4. when the spouse's residence right is recognised by a judgment of the family court.

According to Japanese court cases, the effect of a will that states that a particular asset 'should be inherited' by a particular heir shall cause immediate transfer of title of the asset upon death of the testator without any action by the executor.¹ The legal affairs bureau also issued an announcement that the heir of particular real property who succeeded to title by a will containing the phrase 'should be inherited' may register the real property to himself.² Therefore, the heirs of such a will may dispose of assets without waiting for the executor to complete execution of the will.

III. Trusts, foundations and other planning structures

A. Common techniques

Trusts can be used when certain interests in property will be allocated to different people. For example, if shares in a family corporation are transferred to a trust where the economic interest is equally distributed to the beneficiaries, but voting rights and the right to dispose of shares is controlled by the trustee, it is possible to avoid a situation where the operation of the company is impaired by a disagreement among the family members or the shares are sold to non-family members. A trust can be used to designate successor beneficiaries of the asset after the first succession. For example, the first beneficiary of the property is the spouse, and after their death the second beneficiaries are the surviving children. However, in order to avoid a perpetual trust, the Trust Act, Article 91 provides that:

'A trust with provisions that upon the beneficiary's death, the beneficial interest held by said beneficiary shall be extinguished and another person shall acquire a new beneficial interest (including provisions that upon the death of the predecessor beneficiary, another person shall acquire a beneficial interest as the successor beneficiary) shall be effective, in cases where any beneficiary who is alive when 30 years have elapsed since the creation of the trust acquires a beneficial interest pursuant to said provisions, until such beneficiary dies or until the beneficial interest of such beneficiary is extinguished.'

A foundation is subject to the Act on General Incorporated Associations and General Incorporated Foundations (Act No 48 of 2006). A foundation needs at least JPY 3m of fundamental assets.³ Since a foundation is an independent legal entity, it is suitable for perpetual activities with more public purposes. A foundation will be qualified as a public interest foundation if it is so approved by the Public Interest Corporation Commission, a council in the Cabinet Office composed of seven commissioners appointed by the Prime Minister.⁴

B. Fiduciary duties

Under the Japanese Trust Act, a trustee shall administer trust affairs consistently with the purpose of the trust, and the trustee shall administer trust affairs with the due care of a prudent manager (Trust Act, Article 29). In the case of a trust with two or more beneficiaries, the trustee shall perform their duties equitably on behalf of these beneficiaries (Trust Act, Article 33). The act also requires that a trustee must segregate property that belongs to the trust from the trustee's own property and property that belongs to other trusts by the method specified in the act (Article 34). When there are sufficient grounds to suspect trustee misconduct or material violations of laws, regulations or the provisions of the trust in connection with administration, the beneficiary

may file a petition with the court for the appointment of an inspector in order to have the inspector investigate the status of the trust administration, as well as the status of the trust property and the obligation covered by the trust property (Trust Act, Article 46).

The board members and directors of a foundation shall perform their obligations to the foundation in a faithful manner.⁵ The directors shall report to the internal auditor if they find a fact that would cause significant loss to the foundation.⁶

C. *Treatment of foreign trusts and foundations*

Foreign trusts and foundations will be treated similarly to domestic trusts and foundations. However, it is an open question whether a foreign trust that is not consistent with Japanese law is valid under Japanese law. Although it is not necessary to be consistent with Japanese law as to minor points, a trust with major violations of Japanese law such as a denial of forced heirship could be under the 'public order and public interest principle'.⁷

IV. Taxation

A. *Domicile and residency*

According to the Japanese Income Tax Act, Article 2, item 3, a person who is domiciled in Japan or who has a place of residence in Japan for one year or more continuously shall be a tax resident.

B. *Gift, estate and inheritance taxes*

Under Japanese law, liability for payment of the inheritance tax lies with the statutory heirs and universal legatees individually, not the estate (Inheritance Tax Act or IHTA, Articles 1-3). The executor or administrator has no personal responsibility for filing tax returns or paying the tax. The inheritance tax is calculated separately for each statutory heir, regardless of how and to whom the property is to be distributed (IHTA, Article 16).⁸ For example, if the decedent leaves a surviving wife and three children, there will be four separate applications of the tax rate to the wife's and children's statutory shares (half to the wife and one-sixth to each child). The total tax thus determined is then apportioned between those who will actually receive the decedent's property in accordance with their will, or by agreement of the heirs on partition; that is, the tax is calculated on the basis of the decedent's statutory heirs while the liability to pay the tax falls on those who inherit the property. If those who inherit the property are not in the first degree of relationship to the decedent, or their spouse, there is a surtax of 20 per cent (IHTA, Article 18). The basic exemption is JPY 30m plus JPY 6m for each statutory heir (IHTA, Article 15(1)). The spouse's tax credit is the larger of the statutory share to which the spouse is entitled or JPY 160m (IHTA, Article 19-2(1)).

In general, heirs and legatees who are residents of Japan and inherit property from a decedent are unlimited taxpayers, and subject to Japanese inheritance tax regardless of the location of the property or the domicile of the decedent (unlimited taxpayer). Heirs and legatees who are not residents of Japan are limited taxpayers and subject to Japanese inheritance tax if they inherit property of a decedent located in Japan (limited taxpayer) (IHTA, Article 1-3). A non-resident heir and legatee who has Japanese citizenship is subject to inheritance tax on the entire assets if the deceased or the heir/legatee was a resident of Japan in the previous ten years.

Status of heir, donee, bequestee		Resident		Non-resident		
		Temporary resident	Others	Japanese national who was resident in the past 10 years	Other Japanese national	Non-Japanese national
Status of deceased or donor						
Resident	Temporary resident with Type 1 visa	L	U	U	L	L
	Others	U	U	U	U	U
Non-resident	Resident in past 10 years	U	U	U	U	U
	Resident in past 10 years but, 1)non-Japanese national, 2)temporary resident, or 3)more than2 years since he/she became a non-resident	L	U	U	L	L
	others	L	U	U	L	L

L: Limited Taxpayer U: Unlimited Taxpayer

Status of heir, donee, bequestee		Resident		Non-resident		
		Temporary resident with Type 1 visa	Others	Japanese person who was resident in the past ten years	Other Japanese national	Non-Japanese national
Status of deceased or donor						
Resident	Non-Japanese national	L	U	U	L	L
	Others	U	U	U	U	U
Non-resident	Japanese national resident in past ten years	U	U	U	U	U
	Others	L	U	U	L	L

L: Limited Taxpayer U: Unlimited Taxpayer

Except for non-taxable transfers, any benefit conferred at death is taxable. All property and interests in property in Japan and all property outside Japan that is inherited by heirs and legatees is subject to Japanese inheritance tax (IHTA, Article 2(1)). A decedent's property that is situated outside of Japan and is left to a limited taxpayer is excluded from Japanese inheritance tax (IHTA, Article 2(2)).

All gifts made by the decedent within seven years of death to an heir or legatee are included. An interest in a trust, the right to receive an annuity, and similar payments are taxable. Life insurance proceeds are included to the extent that the premiums were paid by the decedent. Retirement allowances due at the time of death and paid within three years are included in taxable property.

Charitable bequests are exempt from tax when made to a person, association or foundation that is engaged in worship, religion, charity, science, art or other public interest activities when so specified in the law. There are several conditions that must be met for charitable bequests to qualify for exemption.⁹ Property may also be excluded from property subject to inheritance tax if an heir or legatee makes a gift of the inherited property within ten months of the decedent's death to the Japanese Government, a local government, or a public interest corporation: that is, a corporation formed for religious, charitable, scientific, artistic, educational, cultural or similar objectives.¹⁰

The basic inheritance tax is determined for each legal successor by applying the following rates (IHTA, Article 16):

<i>Over (JPY million)</i>	<i>Not over (JPY million)</i>	<i>Tax rate (%)</i>	<i>Amount of deduction (JPY million)</i>
0	10	10	
10	30	15	0.5
30	50	20	2
50	100	30	7
100	200	40	17
200	300	45	27
300	600	50	42
600	–	55	72

A surviving spouse is entitled to a tax credit equal to the inheritance tax on the spouse's statutory share of the estate. The statutory share is determined under Article 900 of the Civil Code. Under the Civil Code, if the spouse and children survive, the spouse is entitled to a statutory share equal to half the estate. If this amount is less than JPY 160m, JPY 160m is creditable (IHTA, Article 19-2).

Gift tax is imposed on the donee. The donee is the taxpayer and is liable for the tax. Similar to inheritance tax, in general, a donee who is a resident of Japan is an unlimited taxpayer and subject to gift tax on all gifts of property, whether the property is located in Japan or not. A donee who is not resident in Japan is a limited taxpayer and subject to gift tax only with respect to gifts of property located in Japan (IHTA, Articles 1-4(1)(iii) and 2-2(1)). A non-resident donee who has Japanese citizenship is subject to gift tax on the entire assets if the donor or the donee was a resident of Japan in the previous ten years.

The annual gift tax exemption is JPY 1.1m for gifts to a donee from all donors.¹¹

The gift tax rates are not the same as the inheritance tax rates. Article 21-7 of the IHTA provides for the following gift tax rates:

<i>Over (JPY million) after JPY 1.1m exemption</i>	<i>But not over (JPY million)</i>	<i>Tax rate (%)</i>	<i>Amount of deduction (JPY million)</i>
0	2	10	
2	3	15	0.1
3	4	20	0.25
4	6	30	0.65
6	10	40	1.25
10	15	45	1.75
15	30	50	2.5
30	-	55	4

Special rates for the gifts from lineal ancestors (grandparents, parents etc) to persons over 18 years old (children, grandchildren etc) on 1 January of the year:

<i>Over (JPY million) after JPY 1.1m exemption</i>	<i>But not over (JPY million)</i>	<i>Tax rate (%)</i>	<i>Amount of deduction (JPY million)</i>
0	2	10	
2	4	15	0.1
4	6	20	0.3
6	10	30	0.9
10	15	40	1.9
15	30	45	2.65
30	45	50	4.15
45	–	55	6.4

C. *Taxes on income and capital*

Income tax shall be imposed with respect to income specified in each of the following items for the category of person listed in the relevant item (Income Tax Act, Article 7):

1. a resident other than a non-permanent resident: all income;
2. a non-permanent resident: income other than non-domestic source income, non-domestic source income paid in Japan or remitted to Japan from abroad; and

3. a non-resident: domestic source income for the category of non-resident classified by existence and type of permanent establishment.¹²

If a treaty provides for a different rule, the provision of the treaty will prevail. Japan adopts the OECD model convention type double-tax treaty with respect to most of its treaty's counterparties.

¹ Supreme Court Judgment, 19 April 2001.

² 22 August 1972, Min Koh Answer No 3656.

³ Act on General Incorporated Associations and General Incorporated Foundations, Art 153.

⁴ Law for Certification of Public Association and Public Foundation.

⁵ Act on General Incorporated Associations and General Incorporated Foundations, Arts 83 and 197.

⁶ *Ibid*, Arts 85 and 197.

⁷ Act on General Rules for Application of Laws (Act No 78 of 21 June 2006), Art 42.

⁸ IHTA, Art 12(1)(iii); Inheritance Tax Act Enforcement Order, Art 2.

⁹ Special Taxation Measures Act, Art 70; Special Taxation Measures Act Enforcement Order, Art 40-3.

¹⁰ *Ibid*.

¹¹ Income Tax Act, Art 161 provides as follows.

'The term 'domestic source income' as used in this Part means any of the following:

- (i) Income from a business conducted in Japan or from the utilisation, holding or transfer of assets located in Japan (excluding the types of income falling under the next item to item (xii)) or any other income specified by a Cabinet Order as arising from sources within Japan.
- (i)-2 Profit from a business conducted in Japan under a partnership contract prescribed in Article 667(1) of the Civil Code (Partnership Contracts) (including a contract specified by a Cabinet Order as being similar thereto; hereinafter the same shall apply in this item), which is distributed under the said partnership contract and is specified by a Cabinet Order.
- (i)-3 Consideration for the transfer of land or any right on land, or any building and auxiliary equipment or structure thereof, all of which are located in Japan (excluding any consideration specified by a Cabinet Order).
- (ii) Consideration received by a person who conducts a business that is mainly intended to provide personal services in Japan and is specified by a Cabinet Order, for the provision of the said personal services.
- (iii) Consideration for the lending of real estate located in Japan, any right on real estate located in Japan or a right of quarrying pursuant to the provisions of the Quarrying Act (Act No 291 of 1950) (including the establishment of superficies or a right of quarrying or any other act carried out for having another person use real estate, any right on real estate or right of quarrying), the establishment of a mining lease pursuant to the provisions of the Mining Act (Act No 289 of 1950) or the lending of a vessel or aircraft to a resident or domestic corporation.
- (iv) Interest, etc, prescribed in Article 23(1) (Interest Income), which is listed in any of the following:
 - (a) Interest on Japanese national government bonds or Japanese local government bonds or bonds issued by a domestic corporation, all of which fall under the category of government or company bonds;
 - (b) Interest on deposits or savings which have been deposited with a business office or other office, or any other business facility equivalent thereto, located in Japan (hereinafter referred to as 'business office' in this Part); and
 - (c) Distribution of profit from a jointly managed money trust, bond investment trust or publicly offered bond investment trust which has been entrusted with a business office located in Japan.
- (v) Dividend, etc, prescribed in Article 24 (1) (Dividend Income), which is listed in any of the following:
 - (a) Dividend of surplus, dividend of profit, distribution of surplus or interest on funds prescribed in Article 24 (1) which is received from a domestic

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- corporation; and
- (b) Distribution of profit from an investment trust (excluding a bond investment trust and a publicly offered bond investment trust) or a specified trust issuing a beneficiary certificate which has been entrusted with a business office located in Japan.
- (vi) Interest on a loan provided for a person who performs operations in Japan (including moneys equivalent thereto), which pertains to the said operations (excluding interest specified by a Cabinet Order).
 - (vii) Any of the following royalties or considerations received from a person who performs operations in Japan, which pertain to the said operations:
 - (a) Royalty for an industrial property right or any other right concerning technology, a production method involving special technology or any other equivalent right or method, or consideration for the transfer thereof;
 - (b) Royalty for a copyright (including right of publication, neighbouring right, and any other equivalent right), or consideration for the transfer thereof; and
 - (c) Royalty for machinery, equipment or any other tool specified by a Cabinet Order.
 - (viii) Any of the following: pay, remuneration or pension.
 - (a) Salary, compensation, wage, annual allowance, bonus or any other pay or remuneration for the provision of personal services that has the nature of any of these, which arises from work or the provision otherwise of personal services carried out in Japan (including work carried out outside Japan by a person acting as an officer of a domestic corporation and other provision of personal services, which are specified by a Cabinet Order).
 - (b) Public pension, etc, prescribed in Article 35 (3) (Definition of Public Pension, etc) (excluding a pension specified by a Cabinet Order).
 - (c) Retirement allowance, etc, prescribed in Article 30 (1) (Retirement Income), which arises from work or the provision otherwise of personal services carried out by a person entitled to receive it during the period when he/she has been a resident (including work that has been carried out by a person acting as an officer of a domestic corporation during the period when he/she has been a non-resident and other provision of personal services, which are specified by a Cabinet Order).
 - (ix) Monetary award for the advertisement of a business conducted in Japan, which is specified by a Cabinet Order.
 - (x) Pension received under a life insurance contract, casualty insurance contract or any other contract for a pension concluded via a business office located in Japan or via a person who acts as an agent for conclusion of contracts in Japan, which does not fall under the category of pension set forth in item (viii)(b) (including a surplus distributed or a refund paid under the relevant contract for a pension on or after the date of commencement of the payment of a pension, and a lump sum payment given in lieu of a pension under the said contract).
 - (xi) Any of the following: compensation money for benefits, interest, profit or margin profit.
 - (a) Compensation money for benefits listed in Article 174 (iii) (Tax Base of Income Tax in the case of Domestic Corporations), which pertains to instalment deposits that have been accepted by a business office located in Japan.
 - (b) Compensation money for benefits listed in Article 174 (iv), which pertains to instalments prescribed in the said item that have been accepted by a business office located in Japan.
 - (c) Interest listed in Article 174 (v), which pertains to a contract prescribed in the said item that has been concluded via a business office located in Japan.
 - (d) Profit listed in Article 174 (vi), which pertains to a contract prescribed in the said item that has been concluded via a business office located in Japan.
 - (e) Margin profit listed in Article 174 (vii), which pertains to deposits or

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- savings that have been accepted by a business office located in Japan.
- (f) Margin profit listed in Article 174 (viii), which pertains to a contract prescribed in the said item that has been concluded via a business office located in Japan or via a person who acts as an agent for conclusion of contracts in Japan.
 - (xii) Distribution of profit received under a silent partnership contract (including a contract specified by a Cabinet Order as being equivalent thereto) with respect to capital contributions to a person who conducts a business in Japan¹.

¹² Ibid.