

Japanese Income Taxes and US Taxes

As a US JET, there are two categories of taxes you should be aware of: Income Taxes for Japan and Income Taxes for the United States.

Income Taxes for Japan is also known as the *Japanese Income and Local Inhabitant Tax*. This is usually taken automatically out of your monthly paycheck and does not have to be filed annually by individuals. The income tax is calculated based on individual income and time spent living in Japan. This includes National (~5% of income), Prefectural (~4% of income), and Municipal (~6% of income). As a JET, your employment categorizes you as a Non-Permanent Resident by the Japanese Tax Agency. For non-permanent residents who live and work in Japan up to 5 years, this tax only counts toward the income earned in Japan.

Income Taxes for the United States are income taxes taken by both the federal and state/local internal revenue services. While many US JETs are required to file their income earnings annually, they don't necessarily have to pay taxes on any income earned outside of the United States.

As a US ex-pat living and earning income in Japan, this makes you responsible for keeping up with both tax agencies. Luckily, international tax treaties help to prevent an individual from having their income taxed by two different countries. In the case for US JETs, the income you earn on the JET Programme can be cleared from this double taxation in a couple of ways.

As written in the First Year US Tax Guide, the first and most common way to prevent double taxation is to claim the Foreign Earned Income Exclusion when you file your annual US Income Taxes. This will stop the IRS from claiming taxes on the income you earn in Japan.

Another way to prevent double taxation is to apply for an exclusion from paying Japanese Income Taxes for two years. We'll get more into this further on, but this is a process for some JETs (specifically first and second year ALTs) to get out of paying Japanese Income taxes by claiming they are a citizen of the United States.

While these two categories are kept mostly separate, First Year US JETs are responsible in filing specific paperwork for both. However, since both tax categories require sending requests to the IRS at certain points, they often get confused as one thing. But keep in mind that these two procedures deal with two separate tax agencies and should therefore be considered as two different things.

Japanese Income Tax Exclusion

As mentioned above, most JETs, regardless of nationality, must pay income taxes to Japan. However, due to international tax treaties between Japan and the United States, **Incoming US ALTs** may qualify for an **exemption from this tax for up to their first two years on the JET Programme.**

To qualify, all incoming **First Year US ALTs** must complete this process:

- **Before you depart from the United States**, you are required to submit **IRS Form 8802** along with a processing fee to the IRS. This paperwork is essentially a formal request to the IRS to provide proof that you are a US citizen. In your application, you should request multiple copies of the forms for **BOTH 2018 and 2019.**
- **After processing is complete**, the IRS will send you (or your designated tax proxy, most likely your family) **IRS Form 6166** for the years you requested. Make sure to check if you've received the forms for **BOTH 2018 and 2019.** If you requested multiple copies, the IRS will send them in bulk.
- **Once Form 6166 is received**, bring (or mail) at least one copy of Form 6166 for **BOTH years** to Japan. Give these copies to your Supervisor as soon as possible. Store any other copies in a safe location for your records.
- **After giving Form 6166 to your Supervisor**, your supervisor will send both years of Form 6166 and a Tax Exemption Application to the National Tax Agency on your behalf.

When the process is complete, you will be exempt from paying Japanese Income taxes for two years. Should you continue to work in Japan after those two years, your exemption will expire and you will have to pay Japanese Income Taxes.

If for whatever reason you filled out Form 8802 but have not yet received Form 6166, contact your tax proxy to check if they've received any notifications from the IRS. If neither you nor your tax proxy have received any information, contact the IRS.

Unfortunately, because of specifications in the employment categories, US CIRs are not qualified for this tax exemption. If you are a first year CIR will have to pay taxes as soon as you are employed in Japan.

Japanese Income Tax Exclusion vs US Income Tax Filing

Japanese Income Tax Exemption (1st Year US ALTs ONLY)

Submit **Form 8802** and processing fees to IRS before departure. Request for years 2018 **AND** 2019.

Receive **Form 6166** for 2018/2019 from IRS.

Bring or send BOTH 2018/2019 versions of **Form 6166** to Japan.

Give BOTH 2018/2019 versions of **Form 6166** to Supervisor as soon as possible after arriving in Japan.

Supervisor submits both 2018/2019 Form 6166 and Tax Exemption Application to Japan's National Tax Agency on your behalf.

Exempt from paying Japanese Income Tax for 2 years.

US Income Tax Filing (1st Year US ALTs and CIRs)

File Change of Address **Form 8822** to IRS after arriving in Japan.

Receive **Statement of Earnings** from your Contracting Organization by January 2019.

Gather any additional W2s, Student Loan Interest Form 1098-e, etc. by January/February 2019.

File Application for Automatic File Extension **Form 4868** to IRS by **June 15***.

After **330 days** of living in Japan, use Foreign Earned Income Exemption **Form 2555-ez** to exempt your JET Income from US taxes.

File **1040**, **Form 2555-ez**, a copy of your **Statement of Earnings**, and all other accompanying forms/schedules after living in Japan to the IRS by **October 15**.

**This deadline only applies to filing taxes. If you earned income in the US and owe taxes for 2018, your deadline to pay will be April 15. See the 2018 US JET Tax Guide (for First Years) for more information.*