

<A new Japanese Consumption Tax (“JCT”) regime>

Under the 2015 tax reform program, foreign entertainers and entertainment corporations (including athletes) that come to Japan after April 1, 2016 and provide services to business enterprises in Japan are subject to JCT.

This JCT is to be collected by way of a reverse charge system. So, Domestic promoters, which are typical business enterprises in this case, are responsible to file a consumption tax return for such entertainers and corporations and pay JCT at 8% on payments such as guaranteed fees and prize money. Therefore, the Japanese promoters will deduct JCT in addition to existing withholding income tax (20.42% or 15.315%), when they remit the guaranteed fees to the foreign entertainment corporations for their services to be provided in Japan after April of 2016.