



Once a Year

We're now just a couple of weeks away from the deadline, so in a few days I'll be making my annual visit to the local tax office to file my income tax return. Tax time comes earlier here in Japan than for people in Canada, where the deadline comes a month later, in mid-April. I guess here in Japan the government is eager to collect our money quickly!

In my early days in Japan I was quite surprised to find most people never have to file their own tax return, as the calculation and payment is handled completely by their employer. But in Canada all people - even company employees - are required to file their own tax returns, or hire somebody to do it for them. Once a year, everybody has to sit down at their desk with a mass of paperwork gathered from here and there, and wade through the complicated calculations.

Actually, I don't mind this sort of work - getting all the figures right and the columns added up properly. I certainly wouldn't want to be an accountant who does this every day for a living, but as it only comes once a year it isn't such a chore.

And one side benefit of the tax system is that it forces me to do proper bookkeeping for my own affairs. This doesn't help me make more money, but at least at the end of the year when there is nothing left, I can see where it all went!

Many Japanese people have the idea that foreigners don't have to pay taxes in Japan, but that is incorrect - we pay exactly the same taxes as citizens. (But of course this still doesn't give us any right to vote!) I pay all the usual taxes: National Income Tax, Prefectural Tax, and Municipal Resident's Tax, all based on my income. Since purchasing my own home around six years ago I have of course also been paying property taxes.

In addition to these taxes, I also pay premiums to the National Medical Insurance (my single largest personal expense, other than my housing), but I am not a member of the National Pension Plan. When I first arrived in this country, it was not with any firm intention of staying permanently, so I did not register with the pension plan at that time. And years later, now that I am 55, it's far too late to get started with that, as I would be 80 before I started to get anything back.

I don't know if typical Japanese people feel that they are heavily taxed. When I add up all my tax payments, and then add in the Consumption Tax I pay on purchases, it seems that around 20% of my earnings go to the government. I think that is perhaps just about the right level; I enjoy the benefits of a very well-organized society, yet do not feel that the government is 'taking' all the money that I have earned with my hard work.

But as we all know from reading our newspapers recently, the national finances are not in such good condition, and tax increases are a topic that is very much on the table for the near future. Perhaps in the coming years March 15th is going to be a very black day for us!

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