

## Frequently Asked Questions (For accommodation business operators)

### Management Declaration

#### Q1 Who can be a Party Responsible for Special Collection?

The operator of a hotel business or private lodging business (a nominal operator licensed under the Hotel Business Act or Private Lodging Business Act).

Facilities without a license under the Hotel Business Act or have not notified the authorities under the Private Lodging Business Act also need to collect accommodation tax. Therefore, the person managing such facilities will be the Party Responsible for Special Collection.

In cases where the business owner and hotel operator are different, or when management is entirely entrusted to another entity, persons other than the business owner may be responsible for filing and paying accommodation tax. Please consult with the Tax Division Accommodation Tax Section for further details.

#### Q2 I am thinking of starting a hotel business (private lodging business). What is the procedure for this?

The procedure for accommodation tax is as follows:

1. Apply for a license under the Hotel Business Act or notify relevant authorities under the Private Lodging Business Act\*.
2. Submit a management report to the Niseko Town Hall Tax Division by the management start date.
3. Collect accommodation tax from guests.
4. What to do with collected accommodation tax:
  - Submit the Statement of Accommodation Tax Return to the Tax Division.
  - Pay the accommodation tax at a financial institution stated on the payment slip.

\*Please contact the following institutions regarding:

- License application under the Hotel Business Act  
Hokkaido Government Shiribeshi Bureau, Health and Environment Department, Health Administration Office (Kutchan Public Health Center): 0136-23-1914
- Notification to relevant authority under the Private Lodging Business Act  
Hokkaido Government, Economic Affairs Department, Tourism Bureau, Tourism Policy Division, Minpaku Section: 011-206-6597

#### Q3 I am thinking of closing my hotel business (private lodging business). What is the procedure for this?

When you discontinue your business, please promptly report your discontinuance using the Accommodation Facility Operation Suspension, Resumption, or Closure Notification Form.

\*You will also need to submit a separate Notification of Abolition (Suspension) under the Hotel Business Act or Private Business Lodging Act.

### Parties and Items Subject to Taxation

#### Q1 How is accommodation defined?

Accommodation generally refers to the usage of bedding from evening to the next morning at an accommodation facility.

However, for accommodation tax purposes, the following criteria is used to determine whether an activity is considered taxable:

1. Usage of the accommodation facility is contractually treated as accommodation
2. In cases other than (1), the activity involves using the accommodation facility for 6 hours or more that spans over to the next day

#### Q2 What is included in taxable accommodation fees?

Accommodation tax is based on the accommodation fee, which is the cost of staying overnight and does not include other expenses such as food, consumption tax, etc.

-Things included in accommodation fees:

- The amount to be paid as compensation or burden for the act of using the accommodation, regardless of the intention of the guest.

- Cleaning fees, bedding and sleepwear rental, bathing fees, service fees, etc.

-Things excluded from accommodation fees:

- Food costs, facility usage fees, consumption tax, bathing tax, etc.

**Q3 Do infants and children also need to pay accommodation tax?**

Accommodation tax is charged regardless of the age of guests. However if no accommodation fee is charged, e.g. children are able to stay for free, accommodation tax will not be charged.

**Q4 Is an extension fee also included in accommodation fees?**

If a guest extends the use of a room before or after their accommodation period, the extension fee is not included in the accommodation fees. However, if extension fees are contractually treated as accommodation charges, then they will be included in the accommodation fees.

**Q5 If fees are collected as a facility usage fee or admission fee instead of accommodation fees, would it be subject to taxation?**

Regardless of the name, if a fee is collected as compensation for using the accommodation, it is subject to taxation.

**Q6 How is accommodation tax calculated in cases where the accommodation fee is determined based on per room rate, or for consecutive nights?**

In cases where the accommodation fee per person is unclear (i.e. fee is determined by room rate etc.), the fee per person will be calculated by dividing the total accommodation fee per room per night by the total number of guests.

An example of the calculation is shown below:

E.g. A 3-night stay in a twin room with a room rate of 20,000 yen per night

○ For one guest

$20,000 \text{ yen} \div 1 \text{ guest} = 20,000 \text{ yen} \Rightarrow$  Accommodation fee per guest per night is 20,000 yen  $\Rightarrow$  Accommodation tax is 500 yen  
 $1 \text{ guest} \times 3 \text{ nights} \times 500 \text{ yen} = 1,500 \text{ yen} \Rightarrow$  Total accommodation tax is 1,500 yen

○ For two guests

$20,000 \text{ yen} \div 2 \text{ guests} = 10,000 \text{ yen} \Rightarrow$  Accommodation fee per guest per night is 10,000 yen  $\Rightarrow$  Accommodation tax is 200 yen  
 $2 \text{ guests} \times 3 \text{ nights} \times 200 \text{ yen} = 1,200 \text{ yen} \Rightarrow$  Total accommodation tax is 1,200 yen

**Q7 How is accommodation fee determined in cases of a discount, special offer or point-based discount?**

If the discount is provided by the accommodation facility, the discounted rate will be the accommodation fee. (The same shall apply for discounts applied using lodging facility's point system.)

Eg. The hotel provides a discounted rate from 20,000 yen to 15,000 yen.

$\Rightarrow$  Accommodation fee will be the discounted rate of 15,000 yen. (Accommodation tax is 200 yen.)

If the discount is provided by a travel agency, credit card company etc through points on the reservation website, or as a lottery prize (also known as third-party discounts), the price before the discount will be the accommodation fee.

Eg. The accommodation fee is 20,000 yen. The guest uses 5,000 yen worth of points through the reservation website and pays 15,000 yen in cash on site.

$\Rightarrow$  Accommodation fee will be the price before using the points, 20,000 yen. (Accommodation tax is 500 yen.)

**Q8 How is accommodation fee determined for consecutive night discounts?**

If the discount rate per night is known, accommodation fee will be calculated by applying the discount rate to each night of stay. If the discount rate is applied to the entire accommodation period, the fee will be determined by dividing the discounted fee by the number of days in the accommodation period.

**Q9 How is accommodation fee determined for foreign currency transactions?**

Accommodation fee for payments made in foreign currency shall be the amount converted to yen calculated based on the Telegraphic Transfer Middle rate (TTM) of the spot exchange on the day the transaction should be accounted for. (Specific cases shall be determined in accordance with the "Accounting Standards for Foreign Currency Transactions (Basic Directive on Corporation Tax Act)).

**Q10 Is a long-term stay (2-3 months) subject to taxation?**

Regardless of the length of stay, guests will be taxed if they stay at the facility on an accommodation contract. However, the guest will not be taxed if they stay at the facility under a rental agreement, which does not fall under the Hotel Business Act.

\*Regarding accommodation contracts for periods longer than 1 month

Facilities that are licensed to operate as a boarding house, where all guests stay for one month or more, are more similar to a place of domicile than a hotel facility. Therefore, guests in such facilities are not subject to taxation.

In other facilities not licensed as a boarding house, guests will be subject to taxation even if the accommodation contract is for a period of one month or more.

**Q11 How should cancellation fee be treated?**

If cancellation fee is treated as a penalty for breach of contract, accommodation tax will not be charged. However, if it is treated as accommodation fee under the contract, the cancellation fee will be subject to tax.

**Tax Exemption****Q1 Who specifically qualifies as 'school excursion participants etc.' eligible for accommodation tax exemption?**

In accordance with Article 1 of the School Education Act, the stated groups are students and accompanying staff belonging to eligible educational institutions (excluding post secondary institutions).

Eligible Educational Institutions:

Kindergartens, elementary schools, compulsory education institutions, high schools, middle schools, special needs schools and vocational secondary schools

Ineligible Educational Institutions:

Vocational postsecondary schools (professional training college, etc.), universities, non-Japanese institutions

\*In order to be exempt from accommodation tax, the presentation of an official "Certificate of Participation in School Excursions, etc." issued by the head of school is required.

\*Accompanying staff must be school personnel or caregivers, nurses, or guardians who provide assistance to children or students with disabilities or other special needs. This does not include tour guides from travel agencies or photographers.

**Q2 Are preparation trips (preliminary visits) eligible for accommodation tax exemption?**

If there are no children or students participating, and it is not a school event following the school curriculum, it may not be eligible for tax exemption.

**Q3 Are students who stay overnight for extracurriculars eligible for tax exemption?**

Extracurricular activities shall not be exempt from accommodation tax. Only events or activities which are held following school curriculum with the entire year group participating, such as school excursions or camps are exempt.

**Q4 Is accommodation associated with the performance of duties by foreign ambassadors exempt from tax?**

In accordance with the principle of reciprocity based on the Vienna Convention on Diplomatic Relations, accommodation tax shall be exempted for the accommodation associated with the performance of duties by foreign ambassadors and the like. Specific handling shall follow the "Treatment of Exemption from Consumption Tax on Transfers of Taxable Assets to Foreign Embassies, etc." (Basic Notice of Consumption Tax).

1. Facility exempt from taxation

Accommodation facility which is designated by the Commissioner of the National Tax Agency as a consumption tax exempted facility

2. Foreign ambassador, etc. exempt from taxation

One who has received a tax exemption card as proof of consumption tax exempted status from the Chief of Protocol for the Minister of Foreign Affairs of Japan

## Tax Collection Methods

### Q1 What methods are there to collect accommodation tax?

There are no specific regulations regarding accommodation tax collection methods. Please select your most preferred option.

1. Cash payment: the accommodation tax is paid onsite along with the accommodation fee.
2. Advance payment: the accommodation fees and tax is paid when making the reservation.  
\*If the accommodation tax was paid through a hotel booking site, the accommodation provider or the hotel booking site shall refund the corresponding accommodation tax amount if the booking is cancelled.
3. Accommodation fees are paid in advance and the accommodation tax is paid by cash: pay the accommodation tax when making the reservation and pay the accommodation tax onsite.

### Q2 Is it necessary for receipts to display accommodation tax charges?

The name and amount of accommodation tax must be indicated on the receipt, etc.

Note: accommodation tax is not subject to consumption tax. However, if accommodation tax is not specifically indicated on the receipt, the total amount, inclusive of accommodation tax, becomes subject to consumption tax.

### Q3 Who pays for cashless payment fees?

Businesses are responsible for any fees incurred when a guest pays the accommodation tax by credit card, etc., as this fee is based on the contract between the accommodation business and the credit card company.

### Q4 What happens when a guest refuses to pay accommodation tax?

Pursuant to the Local Tax Act, Article 733-15, paragraph 3, if tax is not paid, the business which is the Party Responsible for Special Collection shall pay the corresponding tax to the town and seek reimbursement from the guest that refuses to pay the accommodation tax. In order to prevent such situations, it is necessary to ensure guests are aware of the accommodation tax through notifications before reservation, and posters at the front desk of facilities, etc.

## Filing and Payment

### Q1 Do I need to file and pay every month?

In order to ensure that tax returns are properly filed and paid, and because other tax items are also required to be paid monthly, the accommodation tax must also be filed and paid monthly. However, as a measure to reduce the administrative burden, accommodation businesses can apply for a special exception to the filing and payment deadline if they meet the prescribed requirements. With this exception, the deadline for filing and payment is four times a year every three months, as shown in the table below.

Month of accommodation	Submission Deadline	Month of accommodation	Submission Deadline
March	Last Day of June	September	Last Day of December
April		October	
May		November	
June	Last Day of September	December	Last Day of March
July		January	
August		February	

#### ※ Requirements

- The total accommodation tax payable in the 12 months before the month the applicant applies is 2.4 million yen or less.
- If approval has been revoked, one year must pass from the date of revocation.
- The applicant has not received any additional charges for underreporting or failure to declare accommodation tax, and accommodation tax is otherwise deemed to have been filed properly.
- The applicant has no outstanding municipal tax debts during the 12 months before the month they apply.
- The accommodation facility must have started operating 12 months before your application month, and they have filed a declaration as required, pursuant to the provisions of Article 8, paragraph 1 of the ordinance.
- There are no obstacles to collecting accommodation tax due to the Responsible Party for Special Collection or other circumstances.

**Q2 I manage multiple accommodation facilities. Can I file and pay for these collectively?**

If you manage multiple accommodation facilities, you may apply to file and pay them together.

**Q3 Are there any documents I must submit with the tax return?**

In principle, no documentation is required to be attached to the tax return, but if you are reporting multiple facilities combined, you will be asked to attach documentation showing the breakdown of each facility.

In addition, although no documentation is required, we ask that you properly prepare and retain the Register of account as stipulated in Article 13 of the Niseko Accommodation Tax Ordinance.

※ Niseko Town Accommodation Tax Ordinance (Excerpt)

Article 13: The Party Responsible for Special Collection must maintain a Register for each accommodation facility, record the following items, and store them for five years, starting three months from the day that follows the last day of the month in which the Accommodation Tax Return Form was submitted.

(1) Date of accommodation, accommodation fee, number of occupants, number of occupants subject to accommodation tax, and accommodation tax amount.

(2) In addition to the preceding items, other matters deemed necessary by the mayor.

**Q4 Do I need to submit a tax return for months in which there were no guests?**

Even if the amount of tax to be declared is 0 yen, you are required to submit an Accommodation Tax Return Form since it is necessary to accurately ascertain the amount of tax due, including that no accommodation occurred.

**Q5 How do I pay the accommodation tax?**

Please pay at a financial institution or transfer the amount to the designated account via Internet banking, etc.

※ Fill in a payment form with the amount of tax for the applicable month and bring it to the counter.

※ Payment cannot be made by direct debit.

Designated account: Hokkaido Shinkin Bank, Niseko Branch ○○○○○○○○  
(Niseko Chou Kaikei Kanrisha)

Available financial institutions:

Hokkaido Shinkin Bank, JA Bank, post offices or Japan Post (Yucho) Bank in Hokkaido, Niseko Town Hall

※ No handling fee will be charged.

※ For information on handling other than the above, please inquire at the financial institution's office.

**Q6 What happens if I am late in filing and paying the tax?**

Late submission may incur a penalty for failure to file, late payment may incur a delinquent charge.

**Other**

**Q1 Does a Party Responsible for Special Collection receive any remuneration for the special collection of accommodation tax?**

As a general rule, 5% of the accommodation tax filed and paid by the due date will be granted to the Party Responsible for Special Collection.

**Q2 Is the accommodation tax included in sales?**

Accommodation tax is not included in sales because it is a tax levied on guests.