

Revision to the Spouse Tax Deduction

Individual income tax for salaried employees is calculated on taxable income after several deductions. Spouse deduction and special spouse deduction are among the major personal deductions. Until 2017, an employee could claim 380,000 yen as spouse deduction if his/her spouse’s annual salary income is 380,000 yen (1,030,000 in gross receipt) or less, regardless of the employee (tax payer)’s salary amount. When the spouse earns 1,030,000 to 1,410,000 yen in a year at gross base, the special spouse deduction was given in a range of 30,000 - 380,000 yen. To be eligible for this deduction, the employee’s annual salary income must be 10,000,000 yen (12,220,000 in gross receipt) or less.

■ 2018 Update

The spouse deduction was introduced more than 50 years ago and the special spouse deduction 30 years ago. In recent years, there have been controversial discussions toward abolishing or reducing the spouse deduction to meet the change in social circumstances where increasing numbers of women work outside the home. The government decided to make a revision to the system effective January 2018. Under the new rules, the spouse’s tax-deductible salary income threshold increases to 850, 000 yen (1,500,000 in gross receipts) to receive the full deduction of 380,000 yen. On the other hand, a new limit has been set to the employee’s salary. If his/her annual salary income exceeds 9,000,000 yen (11,200,000 in gross receipts), no deduction is taken even if his/her spouse has no salary income.

		Income of Spouse		
		380,000 or less (1,030,000 or less)	380,000 - 850,000 (1,030,000 - 1,500,000)	850,000 - 1,230,000 (1,500,000 - 2,015,999)
		Spouse Deduction	Special Spouse Deduction	
Tax Payer's Income	9,000,000 or less (11,200,000 or less)	380,000	380,000	360,000 - 30,000
	9,000,000 - 9,500,000 (11,200,000 - 11,700,000)	260,000	260,000	240,000 - 20,000
	9,500,000 - 10,000,000 (11,700,000 - 12,200,000)	130,000	130,000	120,000 - 10,000

■ Personal Deductions

If a disabled spouse loses eligibility for the spouse deduction from this year because of the tax payer’s income limit, a deduction for the disabled will apply as before. For your reference, below is the summary of personal deductions.

Basic deduction		Additional deduction *	
Tax payer	380,000	Tax deductible spouse aged 70+	100,000
Dependent aged 16+	380,000	Dependent aged 19-23	250,000
		Dependent aged 70+	100,000
		Disabled tax payer/dependent	270,000
		Special disabled	400,000
		Special disabled dependent**	750,000
		Parents aged 70+ **	200,000
		Widow/widower/working student (tax payer)	270,000
		Special widow (tax payer)	350,000

* Additional deduction is given on top of basic deduction for tax payer/dependents
**Must live together with tax payer