



Manual for Purchasing a Property

Gran Asset Management Co.Ltd

Thank you for inquiring of us !

- If this is your first purchasing in Japan, this manual helps you to understand the procedure.
- If you have any questions or need further information, please feel free to contact us!

Procedure

① Send the real estate purchasing document to the seller's agent.

If you have any price negotiation, we will have to put it in this document.

② After price is agreed, you will have to transfer 10% deposit.

(At the same time you will have to get an affidavit = declaration)

③ The seller's agent will publish the contract form and important descriptions.

④ We will ship it to you, then we will give you an explanation about the property.

⑤ After contract has been signed, you will have to send the documents back.

⑥ We check the contract, then we will set a settlement date.

⑦ Scrivener will call or Skype you for an identity verification.

⑧ You will have to transfer lump-sum.

⑨ Settlement/Ownership transfer registration.

Main Expenses for Purchasing Property

- Deposit / Property's Remaining Amount
- Maintenance Fund/ Management Fee (a per diem basis)
- Fixed Assets Tax (= real estate tax) (a per diem basis)
- Transaction Brokerage Fee
- Registration Tax / Scrivener's Fee
- Revenue Stamp for Contract Form
- Bank Fee
- Insurance Fee

Deposit & Property's Remaining Amount

- A buyer is usually needed to pay deposit by a certain deadline.
- A whole price of a property – deposit
= a property's remaining amount

Fixed Assets Tax (Real Estate Tax)

- A buyer has to pay fixed assets tax annually.
- Fixed assets tax is calculated depending on valuation of the property, but it will approximately equivalent to 1 month rental fee.
- The calculation will start from the time of purchasing to next March 31st.
 - ※ The valuation of the property is different from the market price
 - ※ The valuation is judged by the government , and only an owner of the property knows the valuation

Transaction Brokerage Fee

A calculation of transaction brokerage fee differs from each price of the property.

The price of the property is categorized THREE price ranges by law.

- Under 2,000,000YEN

>>> $\text{price} \times 5\% \times 1.08$ (tax)

- Over 2,000,000YEN ~ under 4,000,000YEN

>>> $\text{price} \times 4\% + 20,000\text{YEN} \times 1.08$ (tax)

- Over 4,000,000YEN

>>> $\text{price} \times 3\% + 60,000\text{YEN} \times 1.08$ (tax)

Registration Tax/ Scrivener's Fee

- Registration tax/ Scrivener's fee is imposed for the valuation of a property,
but it is approximately 120,000~150,000YEN.
(if the property price is 1 room property)
- The tax rate is different between a land and a property.
(A scrivener will count up)
- Scrivener's fee includes some expenses for investigating and collecting information of a property.

Rent Settlement, Property Management Fee

- Rent Settlement >>> NOT a buyer's payment

After a settlement, an owner should hand over the property and pay back rental fees to a buyer.

Therefore, the rent settlement is written with MINUS in an invoice.

- Property Management Fee

The calculation is as bellow.

The rental fee \times 5% \times 1.08 (tax)

Questions

You may have a lot of questions about purchasing a property in Japan especially for the first time, such as Tax, Payment, Preparation, etc...

We will answer these questions as follows.

What Kind of Tax Should a Buyer Pay for Purchasing a Property?

- A buyer should pay 4 kinds of taxes
 - ① Fixed Assets Tax (annually)
 - ② Registration Tax
 - ③ Income Tax
 - ④ Real Estates Acquisition Tax

Income Tax ?

- If a buyer purchases 1 property for the first time in Japan, he/she most likely needs not to file income tax.

※most of the time, but NOT ALL THE TIME
- If a buyer possesses 2 or 3 properties in Japan, he/she has to file income tax.
- Income tax is depended on the rental fee and the price of a property

>>> This process is a TAX ACCOUNTANT's field, and

we will introduce a tax accountant who helps a buyer to file income tax.

Real Estate Acquisition Tax ?

- A buyer will be billed a real estate acquisition tax about 6 months ~ 1 year later after purchasing a property.
- A buyer should pay real estate acquisition tax only once.
- This tax is imposed for the valuation of possessed property.
It should be little less or more than Registration tax/ Scrivener's Fee.
- This tax rate is different between a land and property.

Rental Term in General Rules

- Rental term mostly continues 2 years in Japan except for a special agreement.
- The contract (lessor and lessee) is renewed automatically.
- If a lessee leaves a property in the first 2 years,
he/she will probably receive a penalty.
(A tenant needs not to pay a penalty AFTER living 2 years)
- A lessor cannot tell a lessee to leave the property
because Japanese law PROTECT a lessee.

About Mortgage

- When you purchase a property, you may consider getting mortgage.

>>> Whether you can get mortgage or not in Japan depends on your nationality.
- As OTHER WAYS,

you can mortgage in your country's bank, or you can purchase by CASH.

What do you prepare for purchasing property?

- If this is your first time to purchase a property in Japan, we require some items as follows...
 - ① A photo copy of your PASSPORT
 - ② “Power of Attorney” for registration
(we will prepare for this form, so please sign this.)
 - ③ Declaration (= Affidavit)

How should you prepare for Declaration (= Affidavit) ?

- You should write these information as following order.

- ① Address
- ② Name
- ③ Passport Number
- ④ Birth of Date
- ⑤ Nationality
- ⑥ E-mail Address
- ⑦ Signature

>>> Depending on your nationality or countries of residence, the places where you should go are different. (such as notary, lawyer, other GOVERNMENT ORGANIZATIONS)