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Sojitz Corporation

## **Sojitz Electronically Files Consolidated Corporate Income Tax Returns**

**- Sojitz Group companies realize a paperless tax filing system; eliminates approximately 9,000 pages of documentation -**

Sojitz and 60 Sojitz Group wholly-owned Japanese subsidiaries, which account for about 80 percent of the Sojitz Group consolidated subsidiary companies, electronically filed their corporate income tax returns through the Internet for the year ended March 31, 2007.

Several companies have already undertaken electronic filing of consolidated tax returns for their groups, including subsidiaries, from the fiscal year ended March 2007. However, Sojitz is the first to make e-filings on a scale of over 50 group companies.

Sojitz introduced the consolidated tax system from the fiscal year ended March 2004. Traditionally, a vast volume of documentation needed to be prepared and submitted to the tax office. However, through the introduction of electronic filing, the Sojitz Group has successfully realized a paperless tax filing by eliminating approximately 9,000 pages of corporate income tax return forms. Use of the electronic filing method, which is being promoted by the Japan National Tax Agency, was introduced at Sojitz to streamline operations and to cooperate with the government. Sojitz also undertook electronic filing of local taxes.

Sojitz made an electronic filing utilizing 'eConsoliTax' and 'e-TAX' provided by TKC Corporation. The systems available from TKC enable the consistent tax return preparations; from the preparations of corporate income tax return forms to the preparations of the electronic tax filing data required to be transmitted to the Japan National Tax Agency. Such features eliminate the need for transcribing a vast amount of data, and enable tasks to be performed smoothly on personal computers until the data is submitted.

As a result of revisions to the system concerning electronic filing, corporate signatures in electronic form can be omitted from January 2007, as long as the filing is accompanied by an electronic signature belonging to a corporate accountant. Sojitz thus began to look into the introduction of an electronic filing system. Sojitz proceeded with its preparations by first sending out questionnaires to those of its consolidated subsidiaries to be subject to e-filing, and then holding electronic filing briefings and conducting workshops on system operations in the period March to July.

Sojitz will make efforts to become more paperless and to promote the further streamlining of operations, by utilizing the TKC systems and by continuously promoting introduction of the electronic filing system throughout the entire group companies.

#### **[Consolidated Tax System]**

Consolidated tax system, which was introduced in 2002, is a mechanism under which the group companies are treated as a single unit, in such a way that corporate taxes are calculated based on the combined profits or losses posted by members of the group. The scope of the consolidated tax system covers a parent company and its wholly-owned domestic subsidiaries.

#### **[Electronic Filing for Corporate Income Tax]**

In 2004, the Japan National Tax Agency introduced the 'e-Tax' system, which allows tax payers to follow procedures on the Internet for tax filing, tax payment and applications concerning national taxes. The Japan National Tax Agency set a goal of achieving a penetration rate of 50% for e-Tax filing by the year 2010.

#### **[eConsoliTax]**

The eConsoliTax is a tax information system that provides support in preparing the 'Consolidated Corporate Income Tax Return Form', 'Statement of Imputed Amount', 'Local Tax Return Form', etc. in an appropriate and efficient manner. All such forms must be prepared and submitted by the taxpayer groups of large companies that have adopted the Consolidated Tax System. In addition, eConsoliTax can be used in conjunction with the e-TAX electronic filing system, enabling the realization of smooth electronic filing for national and local taxes. The eConsoliTax keeps in step with annual tax revisions, and is therefore a single year version. Since its debut with the year 2002 version, the eConsoliTax system has been adopted by 2,900 companies under 210 company groups, including companies listed in the first section.

**[e-TAX Consolidated Tax Payment]**

e-TAX converts tax filing data created by the eConsoliTax into the XML format and transmits the converted data to the application system at the Japan National Tax Agency. Use of the e-Tax system eliminates the need for manual input of data to the national tax electronic filing system 'e-Tax software', which is provided by the Japan National Tax Agency.

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