

Review of the Accommodation Tax (Draft)

November 2025





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Development of the Accommodation Tax and changes in the situation surrounding tourism



Background to the system introduction and its purpose

The Tokyo Metropolitan Government (TMG) established the Accommodation Tax over 20 years ago as a discretionary special-purpose tax to secure a revenue source for its tourism policy.

Since then, the TMG's Accommodation Tax has fulfilled a role of supporting the tourism policy from a financial aspect while considering the tax-bearing capacity as a simple and easily understood system.

Introduction of the Accommodation Tax

- In order to promote tourism, which is a future growth industry, and to secure the required revenue source, a proposal was announced by the Tax Commission of Tokyo Metropolitan Government in 2000 that a new tax should be established in consideration of the city's severe financial situation.
- Based on this proposal, in 2002 the TMG was the first local government in Japan to introduce the Accommodation Tax as a discretionary special-purpose tax utilizing local tax autonomy.

Design of a system based on the tax-bearing capacity

- Guests staying at ryokans (Japanese inns) and hotels located in Tokyo are taken as the taxation subjects of the Accommodation Tax because it is considered that overnight visitors have a higher tax-bearing capacity than day visitors.
- To give consideration to lower-cost accommodation, school trips and business use, accommodation charges of less than ¥10,000 per person per night are exempt from the tax.
- The tax rates are also set in a way that realizes a simple system while taking the tax-bearing capacity into consideration.
- Specifically, the tax is ¥100 per night when the accommodation charge per person per night is ¥10,000 or more and less than ¥15,000, while the tax is ¥200 for accommodation charges of ¥15,000 or more. These taxation methods have been maintained since the establishment of the system.

Revenue source for tourism promotion

- The Accommodation Tax is a special-purpose tax used to secure a stable revenue source for Tokyo's tourism policy. The entire tax revenue amount is utilized as a revenue source for the tourism policy, and examples of the tourism measures are announced on the Bureau of Taxation website, etc.

Tokyo Metropolitan Accommodation Tax (Existing system)

Purpose, etc.	To cover the expenses required for taking measures to increase the attractiveness of Tokyo as an international city and to promote tourism
Taxpayers	Those who stay at ryokans (Japanese inns) or hotels in Tokyo
Tax payment exemptions	Accommodation for which the room charge is less than ¥10,000 per person per night
Tax rates	Room charge per person per night ¥10,000 or more and less than ¥15,000: ¥100 ¥15,000 or more: ¥200
Collection method	Special collection from ryokans (Japanese inns) and hotels
Enforcement date	October 1, 2002 (H14)

Developments in the introduction of the system



Changes in the environment surrounding tourism and the Accommodation Tax and their impacts

Over 20 years have passed since the tax system was established, and tourism in Tokyo has greatly changed through the increase in administrative demand due to the increase in tourists and other factors, including the appearance of various types of accommodation facilities and changes in accommodation charges. These changes affect the taxation subjects, the tax burden rates, the relation between the tourism policy costs and the Accommodation Tax revenues, etc. Therefore, it is necessary to review the system based on the current trends.

Diversification of tourism

- The situations surrounding tourism in Tokyo, including the increases in inbound visitors and other tourists, the appearance of various forms of facilities such as private lodgings, the increase in high-priced accommodations and the changes in accommodation charges following the spread of dynamic pricing, have greatly changed compared to the time when the Accommodation Tax was established.
- These changes also made an impact on the tax system, including the accommodations which become the taxation subjects and the tax burden rate.

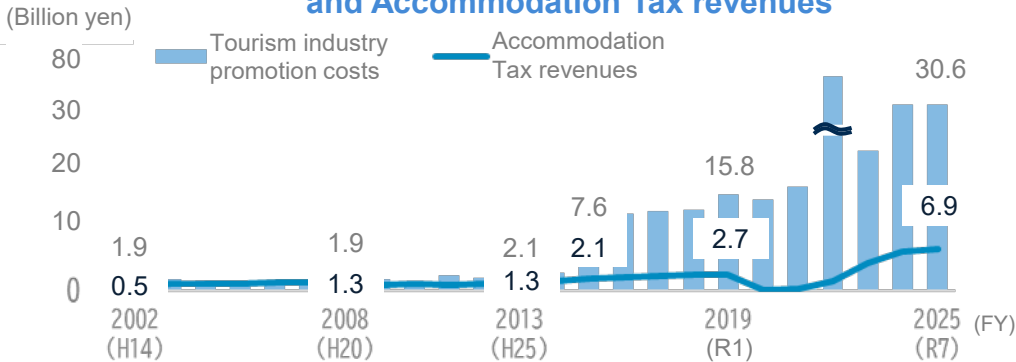
Discrepancy between the increase in demand for the tourism policy and the Accommodation Tax revenues

- The TMG enhanced its tourism policy by preparing the environment for welcoming tourists and implementing other measures, taking the opportunity provided by its holding of the Tokyo Olympic and Paralympic Games. On the other hand, the TMG's Accommodation Tax rate was lower than for other local governments, and it was thought that this was relatively restricting the increase of the tax revenue.
- As a result, the tourism policy costs and the Accommodation Tax revenues have diverged, and the proportion taken up by the accommodation tax revenues has declined.
- The growth of the tourism industry has a great possibility as one of the engines of growth for Tokyo and also for Japan. Measures such as enhancing the tourism policy will also greatly increase the number of tourists visiting Tokyo, requiring continuous measure implementation.
- On the other hand, the securing of a revenue source for responding to miscellaneous administrative issues is also an important viewpoint.

Spread of Accommodation Taxes nationwide

- Accommodation Taxes are introduced by each local government in response to the tourism demand. Following the spread of Accommodation Taxes, various forms of taxation and ways of using the revenues have been developed based on regional circumstances.
(As of November 11, 2025) 15 organizations have completed enforcement, while 28 organizations intend to, but have not completed enforcement yet.
* Two organizations (Hirosaki City and Matsue City) began enforcement on December 1, 2025.

Changes in the tourism industry promotion costs and Accommodation Tax revenues



* Up to FY2024, the figures show the settled amounts, while the FY2025 figures show the initial budget amounts.

FY2003 (H15)	¥2.6 billion	FY2025 (R7)	¥30.6 billion
Conveying the attractiveness of Tokyo residents to the world	¥0.9 billion	New developments to attract tourists from overseas	¥8.5 billion
Preparing the systems for welcoming tourists	¥0.8 billion	Enhancement of environment for welcoming tourists	¥7.7 billion
Development of tourism resources	¥0.4 billion	Development of tourism resources that enhance Tokyo's attractiveness	¥6.9 billion
Tourism destination city support projects, etc.	¥0.4 billion	Promotion of attracting MICE (Meetings, Incentives, Conventions, and Exhibitions)	¥4.2 billion
		Building of tourism promotion systems, etc.	¥2.2 billion
		Development and utilization of human resources	¥1.0 billion

KPIs relating to the tourism policy (FY2024 actual results)

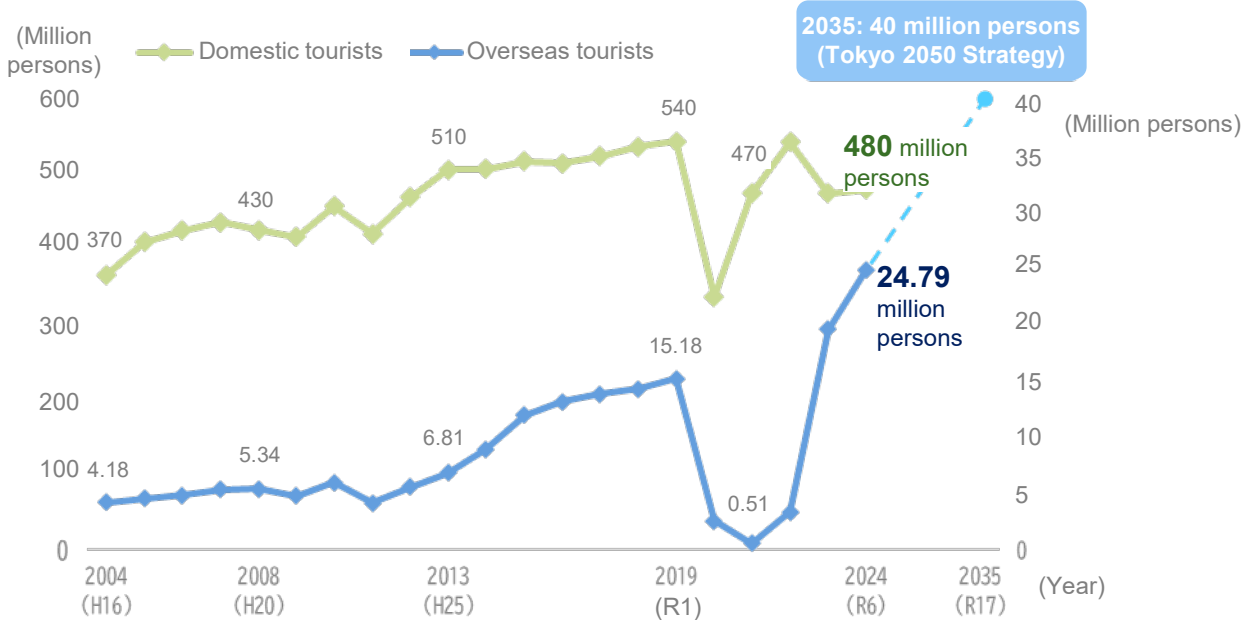
Promotion of a variety of real-experience tourism	Development support for new services and contents 20 items
Promotion of regional sustainable tourism	Promotion of activities implemented for creating a sustainable tourism city 6 items
Support for attracting and hosting international conferences	Promotion of funding for holding international conferences 34 items

* Taken from the 3-year action plan list of the "Tokyo 2050 Strategy" project implementation status survey

Situation regarding tourism in Tokyo and the Accommodation Tax

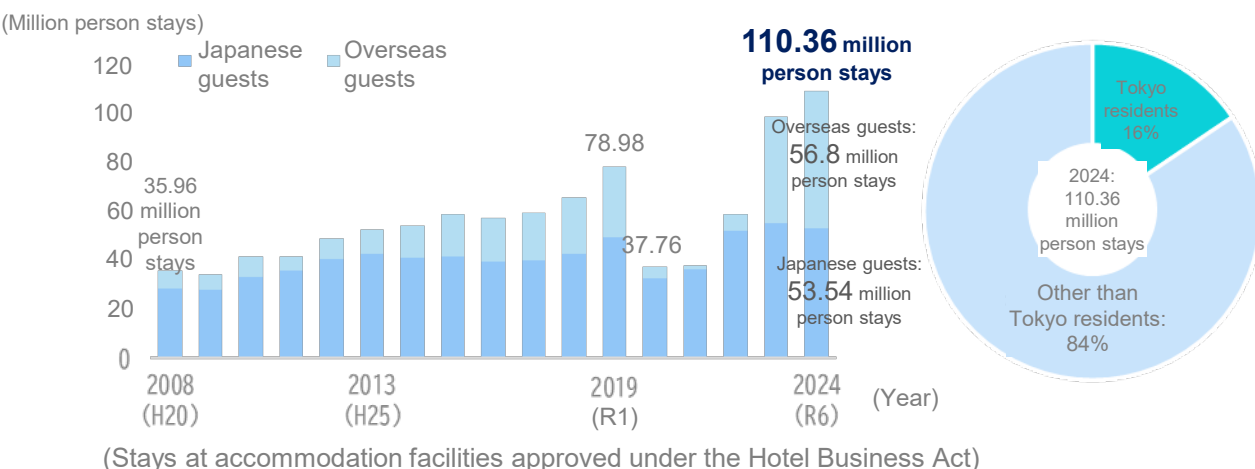
Number of tourists visiting Tokyo

* Prepared based on the Tokyo Metropolitan "Tokyo Tourist Survey" document
(The 2021 value was calculated as 4 times the fourth quarter survey results)



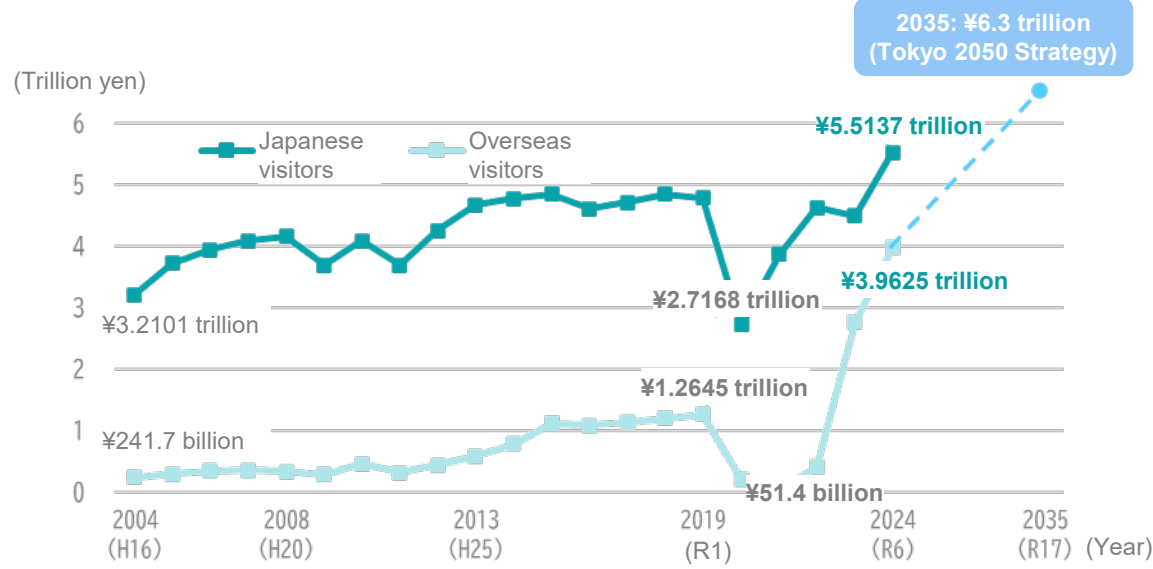
Total number of persons staying in accommodations in Tokyo

* Prepared based on the Japan Tourism Agency "Survey on Accommodation Travel Statistics" document



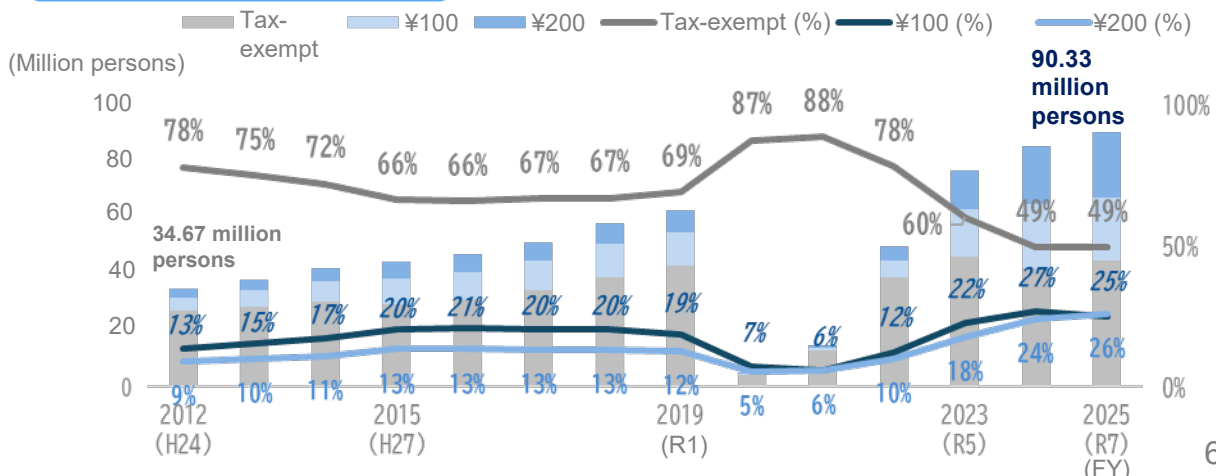
Tourism spending in Tokyo

* Prepared based on the Tokyo Metropolitan "Tokyo Tourist Survey" document
(The 2021 value was calculated as 4 times the fourth quarter survey results)



Accommodation Tax taxation situation

(Number of persons staying at accommodation facilities in each tax rate category)
* Up to FY2024, the figures show the settled amounts, while the FY2025 figures show the initial budget amounts.



How the tax revenues
should be used



How the Accommodation Tax revenues should be used - Scope of usage -

The Accommodation Tax is a discretionary special-purpose tax that was established as benefit taxation. The tax is imposed on the beneficiaries of the measures as the revenue source for the TMG’s tourism policy. Particularly because the tax is being imposed for tourism promotion, it is important to ensure transparency in the use of the Accommodation Tax revenues so that the public will understand, including the guests staying in accommodations that are subject to the tax payment. Accordingly, the scope of how the revenues are used will be further clarified by utilizing the TMG tourism policy plan, as one of the objectives of the review being implemented this time.

Clarification of the scope of how the revenues are used (Utilization of the Tokyo Tourism Industry Promotion Action Plan)

- In Tokyo, which is visited by many people from Japan and overseas and also has rich tourism resources, the tourism policy is wide-ranging. In addition, the policies relating to tourism are also widening further, following the diversification of tourism.
- Based on the above situation and the role of the Accommodation Tax which is to support the promotion of tourism policy, it is necessary to clarify the scope of the projects to use the revenues in order to further enhance the feeling of trust in the tax.
- Regarding the ways that the Accommodation Tax revenues should be used going forward, the scope of the projects are determined based on the Tokyo Tourism Industry Promotion Action Plan (hereafter as the “PRIME Tourism Destination City Tokyo”), which is the plan relating to Tokyo’s tourism policy, and the policy areas in which the Accommodation Tax revenues are used will be clarified.

Responses to changes in the tourism situation going forward

- Until now, the TMG has enhanced the policy so that it appropriately supports the administrative needs, based on the changes in tourism. It is anticipated that the required tourism policy will continue to change going forward. Accordingly, with regard to the scope over which the Accommodation Tax revenues are used, it is necessary to adopt a system which can appropriately reflect the changes in circumstances.
- This time, the “PRIME Tourism Destination City Tokyo”, which has been utilized as the scope of how the Accommodation Tax revenues should be used, is the basic plan of the TMG’s tourism policy, and a process is adopted for revising the plan based on the opinions received from various people including experts, tourism businesses and municipal authorities.
- By utilizing this plan as the scope of how the Accommodation Tax revenues should be used, a system will be created that the Accommodation Tax will be utilized in the policy which will appropriately reflect the tourism situation going forward.

PRIME Tourism Destination City Tokyo Tokyo Tourism Industry Promotion Action Plan



Specify the projects based on the tourism policy plan as the scope of usage and clarify the policy area to use the revenues

While also considering the opinions of experts, tourism businesses and municipal authorities, a system that allows the Accommodation Tax revenues to be used in measures that appropriately reflect the changes in the tourism situation will be realized.

How the Accommodation Tax revenues should be used

- Selection of the projects utilizing the revenue in each fiscal year, and information disclosure -

The specific projects utilizing the Accommodation Tax revenues will be selected from among the projects in the “PRIME Tourism Destination City Tokyo” through the budget compilation for each fiscal year.

Additionally, information provision to increase understanding will also be enhanced by announcing the target projects for each fiscal year using the TMG website.

Selection of the projects utilizing the revenue in each fiscal year, and information disclosure

- The specific projects utilizing the Accommodation Tax revenues will be selected from among the projects in “PRIME Tourism Destination City Tokyo” through the budget compilation for each fiscal year while considering factors including their impacts, actual results and the project scale of each measure. The results of the projects will be announced in an easily understood manner using methods such as the TMG website.
- Regarding the project selection, consideration is also given to the project’s positioning in the tourism policy and the impression of the policy benefits which will be received. Specifically, the TMG positively allocates the revenues to the priority items in “PRIME Tourism Destination City Tokyo”, measures that are more easily perceived to have specific effects and projects which appear to benefit wider ranges of people, such as investments in tourism promotion that are expected to realize continuous effects and the improvement of visitors’ experiences.
- On the other hand, careful considerations will be made when allocating the revenues to projects including projects at the trial stage, projects which are expected to obtain outside funding and projects which do not have tourism promotion as their main objective but are expected to contribute to tourism.

Utilization of the revenues in initiatives for harmonizing tourism with residents’ lives

- The Accommodation Tax is a tax for supporting tourism promotion. It is important to have the viewpoints of encouraging all Tokyo residents’ support for tourism and leading it to the development of sustainable tourism through implementation of the projects utilizing the revenues.
- Recently, garbage disposal problems and occurrences of overcrowding in tourism areas are becoming problems. Additionally, examples of the adverse effects on citizens’ living environments due to unlicensed and unauthorized illegal accommodation facilities are also reported. Regarding the responses to these issues, the cooperation with the organizations other than the TMG, such as the municipalities, will also be important.
- To promote sustainable tourism, meaning the development of tourism which can continue without adversely affecting the environment, the TMG will accelerate its considerations into measures with the intention of further enhancing and strengthening responses to these issues utilizing the Accommodation Tax which are paid by tourists as the revenue source.

Images of projects utilizing the tax revenues

(Specific projects are selected in the budget compilation for each fiscal year)



Enhancement of the environment for welcoming tourists

- Support for making accommodation facilities barrier-free
- Provision of tourism information utilizing digital signage
- Management of tourist information centers and creation of welcome cards
- Supporting the promotion of digitalization of the tourism businesses



Development of tourism resources to increase which attractiveness of Tokyo

- Developing tourism resources that make best use of the characteristics of the Tama and Island regions
- Supporting the creation of tourist destination towns in the regions
- Creation of nighttime tourism promotion areas



Initiatives to harmonize tourism with residents’ lives

- Educating overseas tourists about local customs and supporting garbage disposal measures by local governments, etc.
- Appropriately operating the residential accommodation business system
- Preventing the overcrowding of tourist areas utilizing AI



Human resource training and utilization

- Utilization of tourism volunteers
- Training of dedicated human resources for MICE

Basic principles

- ◎ **Actively respond to demand following the rebound of tourism after COVID:** Positively encourage visits from people around the world and increase tourist spending by promoting and sharing Tokyo’s many attractions
- ◎ **Ensure sustainability in tourism:** Promote well-balanced tourism that stimulates the economy, preserves natural and cultural resources, and establishes an amiable relationship between residents and tourists
- ◎ **Strengthen the foundation of the tourism industry:** Address issues in the accommodation sector, such as short-staffed facilities, to further bolster the tourism sector’s growth

Main policy targets

	2035 targets	Existing situation (2024)
Number of overseas tourists visiting Tokyo	40 million	24.79 million
Number of domestic tourists visiting Tokyo	600 million (Target for 2030)	480 million
Spending of domestic tourists visiting Tokyo	¥6.4 trillion	¥5.5 trillion
Spending of overseas tourists visiting Tokyo	¥6.3 trillion	¥4.0 trillion
Ranking according to number of international conferences held (for each city)	Within the world’s top three cities	World’s 16th city

* Shows the 2035 target value described in the “Tokyo 2050 Strategy”. Note that the “Number of domestic tourists visiting Tokyo” shows the 2030 target value described in PRIME.

Approaches to activity promotion

- **Provide and promote high-quality tourist experiences unique to Tokyo:** Focusing on Tokyo’s characteristics, predominantly enhance food, culture and nighttime tourism, etc.
- **Improve the support systems for tourists:** Facilitate ticket purchases for events through the official Tokyo tourism website, etc.
- **Encourage coordination with other destinations in Japan:** Cooperate with local governments in the Kansai region to mutually promote local tourism, etc.
- **Further promote sustainable tourism:** Advise tourists on Japanese social etiquette and support the obtaining of internationally recognized certifications in sustainability, etc.
- **Support the strengthening of tourism businesses’ management capabilities:** Support tourism businesses in securing human resources, promoting digital transformation and increasing profitability, etc.

Taxation subjects



Review of the taxation subjects - Review of the facilities that are subject to tax payment -

Over 20 years have passed since the tax system was established. During this period, accommodation facilities have also diversified in response to the tourism needs, and the use of common lodging houses and private lodgings has also increased.

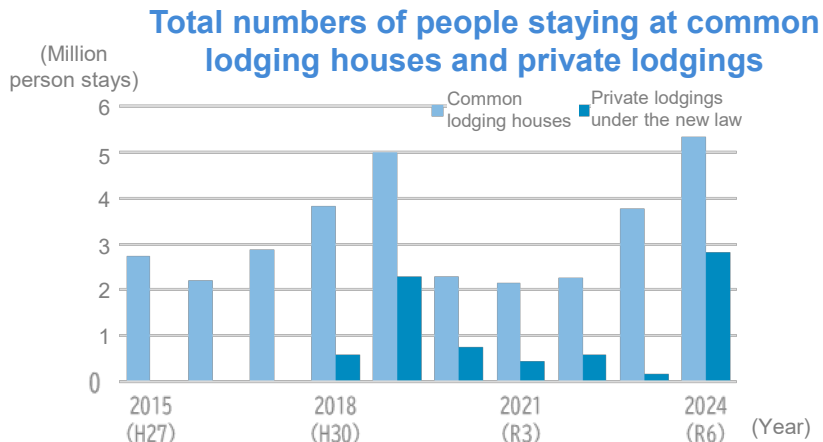
These days, there are a wide range of accommodation facilities in Tokyo, even just considering the sales format and pricing bands. Regarding the revenue source of the tourism policy, stays at common lodging houses and private lodgings will also be added to the taxation subjects as one part of the review of the system in order to share the tax burden regardless of the type of facility.

Adding stays at common lodging houses and private lodgings as Accommodation Tax taxation subjects

- At the time when the system was established, common lodging houses included many facilities that had lower charges and smaller sizes. These accommodation facilities were set as exempt from the Accommodation Tax because it was thought that setting them as taxation subjects would impose a heavy burden on the accommodation facility providers regarding collection and declaration. However, there has been an appearance of facilities costing several tens of thousands of yen per night in recent years.
- Private lodgings, which started to appear 10 years ago, are rapidly increasing both in numbers of facilities and numbers of guests, and there are a variety of facility sizes and pricing bands.
- Although common lodging houses and private lodgings are in a situation where many facilities offer lower prices than ryokans (Japanese inns) and hotels, it is considered that guests staying at facilities which have similar accommodation charges to ryokans and hotels will have a similar tax-bearing capacity.
- Therefore, it is appropriate from the perspective of fairness to consider stays at common lodging houses and private lodgings (special zone private lodgings and private lodgings under the new law) similarly to ryokans and hotels, and they will be added as taxation subjects in the Accommodation Tax.

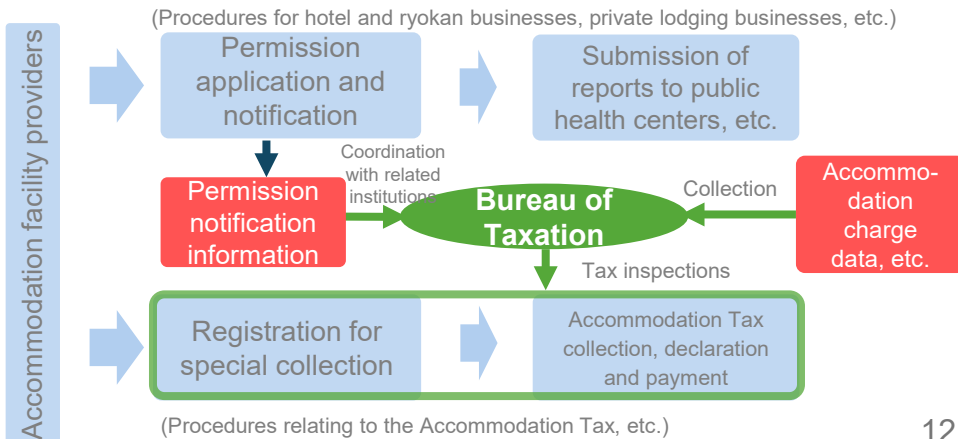
Initiatives to ensure appropriate Accommodation Tax taxation, etc.

- All accommodation facilities, regardless of whether they are ryokans, hotels, common lodging houses or private lodgings, are required to implement legal management while observing the related laws and regulations and to appropriately conduct the Accommodation Tax declaration and payment according to the ordinances.
- While also cooperating with related institutions, the Tokyo Metropolitan Government Bureau of Taxation will implement tax inspections of facilities including newly added private lodgings, and will strive to ensure the suitability of each procedure relating to the Accommodation Tax and the declaration and payment.



* Prepared based on Japan Tourism Agency "Survey on Accommodation Travel Statistics" and "Residential Stay Performance Data for the Housing-based Accommodation Business" documents. Note that the aggregation target periods for common lodging houses and private lodgings do not match because the aggregation periods for each are different.

Initiatives for ensuring appropriate taxation, etc.



Review of the taxation subjects

- Raising the accommodation charges that will be exempt from taxation -

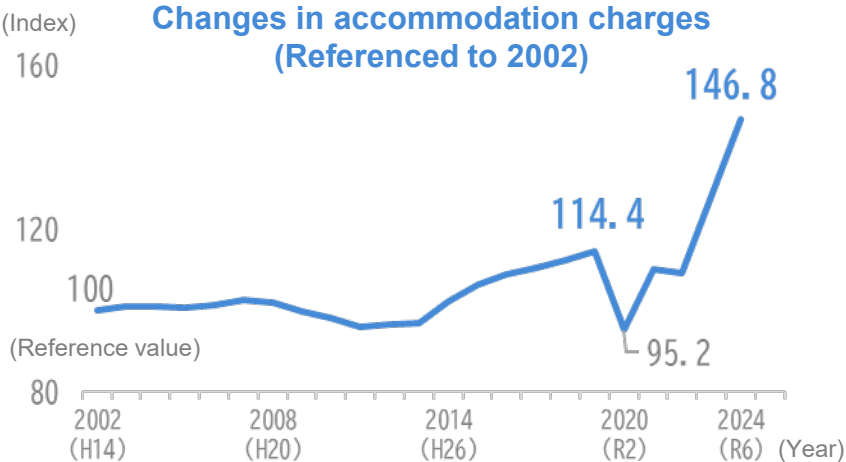
At the time of the tax establishment, tax exemptions were set from the perspective of considering moderately priced accommodations by assuming that the accommodations subject to taxation would be around 20% of the total. While maintaining this way of thinking in the review this time, the tax exemption was reviewed from the perspective of securing the revenue source by sharing the burden more widely in response to the rises in accommodation charges and to new issues resulting from the increase in tourists. Specifically, the exemption criterion will be raised from the current level of ¥10,000 per person per night to ¥13,000.

Raising the accommodation charges that will be exempt from taxation

- Although there was also an opinion that it is fair to impose the Accommodation Tax on all persons staying in accommodation, the TMG decided that stays at accommodation facilities costing less than ¥10,000 should not be subject to taxation under the Accommodation Tax, from the perspectives of considering lower-priced accommodation and the administrative work required for collection from accommodation facilities in the lower price bands.
- In this situation, there were opinions that some measures should be taken against the issue that the taxation targets have been increasing from the initially estimated 20% of all accommodations to 50%. However, the perspective that the revenue source required for responding to new issues such as the increased tourists should be covered by visitors is also important.
- Accordingly, the taxation exemption level will be raised to respond to the rises in accommodation charges in the review this time. At the time, considering the perspective of imposing the tax burden on a wider range of tourists, the criterion for the taxation subjects will be set to ¥13,000 per person per night in order to set the level for bearing the tax burden to approximately 30% of tourists, not 20% level initially set when the system was introduced.
- With this revision, the TMG will change the previous system to a new one to share the tax burden more widely while giving consideration to the tax burden imposed on guests staying at lower-cost accommodation facilities.

Consideration of specific usage forms

- In order to give consideration to education and promote the attraction of school trips, there are also examples of preparing systems for exempting the Accommodation Tax taxation in response to the purpose of visiting Tokyo by guests such as pupils on school trips.
- Various uses for accommodation in Tokyo are assumed without limitation to tourism, such as school trips, business use and stays required for flight connections. However, the exemption was employed according to the accommodation charge, without setting differences in taxation for accommodation having the same charge levels while considering the character of the Accommodation Tax which imposes the tax focusing on the accommodation behavior itself.
- In the review of the taxation exemption criteria this time, the level will be raised to a value that also gives consideration to school trips, etc. The TMG will continue to give consideration with fairness to purposes such as school trips.



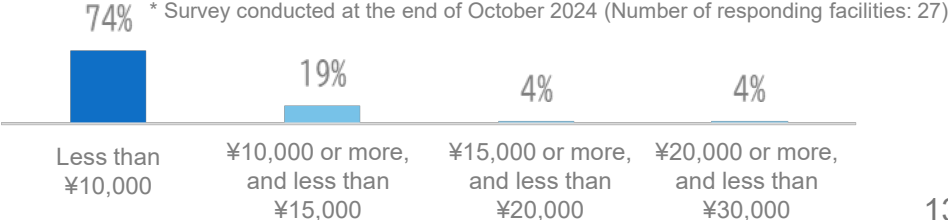
* Prepared taking 2002 as the reference value (100) based on the Ministry of Internal Affairs and Communications “Consumer Price Index (CPI) with Base Year 2020 for Japan” document.

Examples of taxation exemptions in other organizations

Examples of taxation exemptions	Number of organizations
School study tour pupils	28/43 organizations
Young persons (Children under 12 years old, etc.)	5/43 organizations

* Prepared based on the various local government websites

Questionnaire conducted in accommodation facilities located in Tokyo (Charges for school study tour pupils)



Taxation methods



Changes to the taxation method - change to taxation that is fair for the tax-bearing capacity -

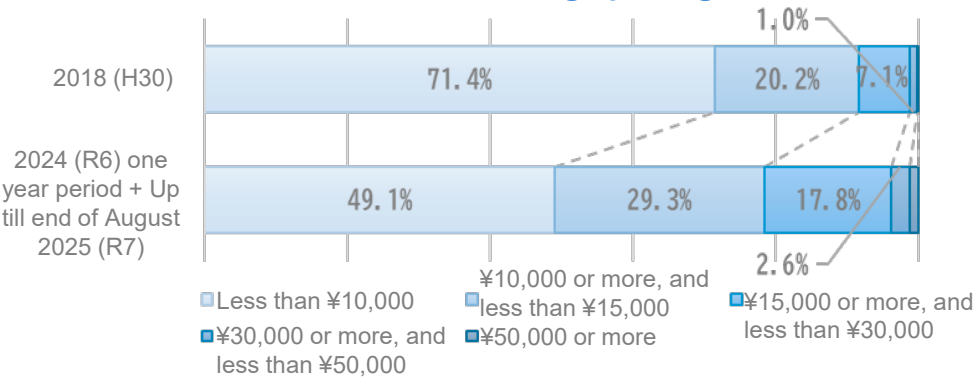
Currently, the TMG Accommodation Tax makes a difference within the tax rate of the fixed-amount taxation in order to give consideration to the tax-bearing capacity. On the other hand, it is thought that the tax burden rate in the current fixed-amount method becomes lower for persons staying in facilities in the higher-pricing bands, following the change in accommodation charges to higher prices.

In consideration of the above situation, the taxation method will be changed to a fixed rate method (a system in which the tax payment is set as an amount derived by multiplying the accommodation charge by a fixed rate) from the perspectives of fairness relating to tax-bearing capacity, impartiality in the setting of accommodation charges and realizing a simple system for the tax rate.

Impacts resulting from the change to higher accommodation charges

- The current system is a 2-stage fixed-amount system which imposes the tax burden according to the accommodation charge while considering the realization of a simple system.
- For an Accommodation Tax, when seeking to impose the tax burden on the beneficiaries of the tourism policy, there are the approaches of (1) setting the tax burden according to the amount of benefit obtained (benefit burden) and (2) setting the tax burden according to the tax-bearing capacity (ability-to-pay burden).
- Based on the consideration that accommodation facilities with various pricing bands are located in Tokyo, the TMG takes the approach in (2) into account this time, compared to the time that the system was established. The approach of determining the criterion of the tax burden-bearing capacity according to the accommodation charge and the hotel grade, and then reflecting it in the tax amount is also adopted by countries which pioneered the introduction of accommodation taxes, including cities in Europe and North America.
- On the other hand, the tax rate is ¥200 for accommodation costing ¥15,000 or more per person per night in the current TMG system. Therefore, the tax burden is the highest for accommodation costing ¥15,000, and the tax burden is reduced as the accommodation charge becomes larger. For example, it is thought that the tax burdens for accommodation costing ¥30,000 and ¥15,000 differ by a factor of 2.
- Due to the increases in accommodation charges, the proportion of high-priced accommodations having relatively low tax burden rates is increasing, and as a result it can be said that a tax burden reversal is occurring in the current fixed-amount system.
- In consideration of this situation, the taxation system will be changed to a fixed-rate system which has many utilization examples in Japan and overseas, as one part of the review this time. For the fixed-rate system which sets a fixed proportion of the accommodation charge as the tax amount, the proportion of the tax burden is always fixed with regard to the accommodation charge. Accordingly, the system can be considered as the taxation method which reflects the ability-to-pay approach.

Changes in the configuration of accommodation stays for each accommodation charge pricing band

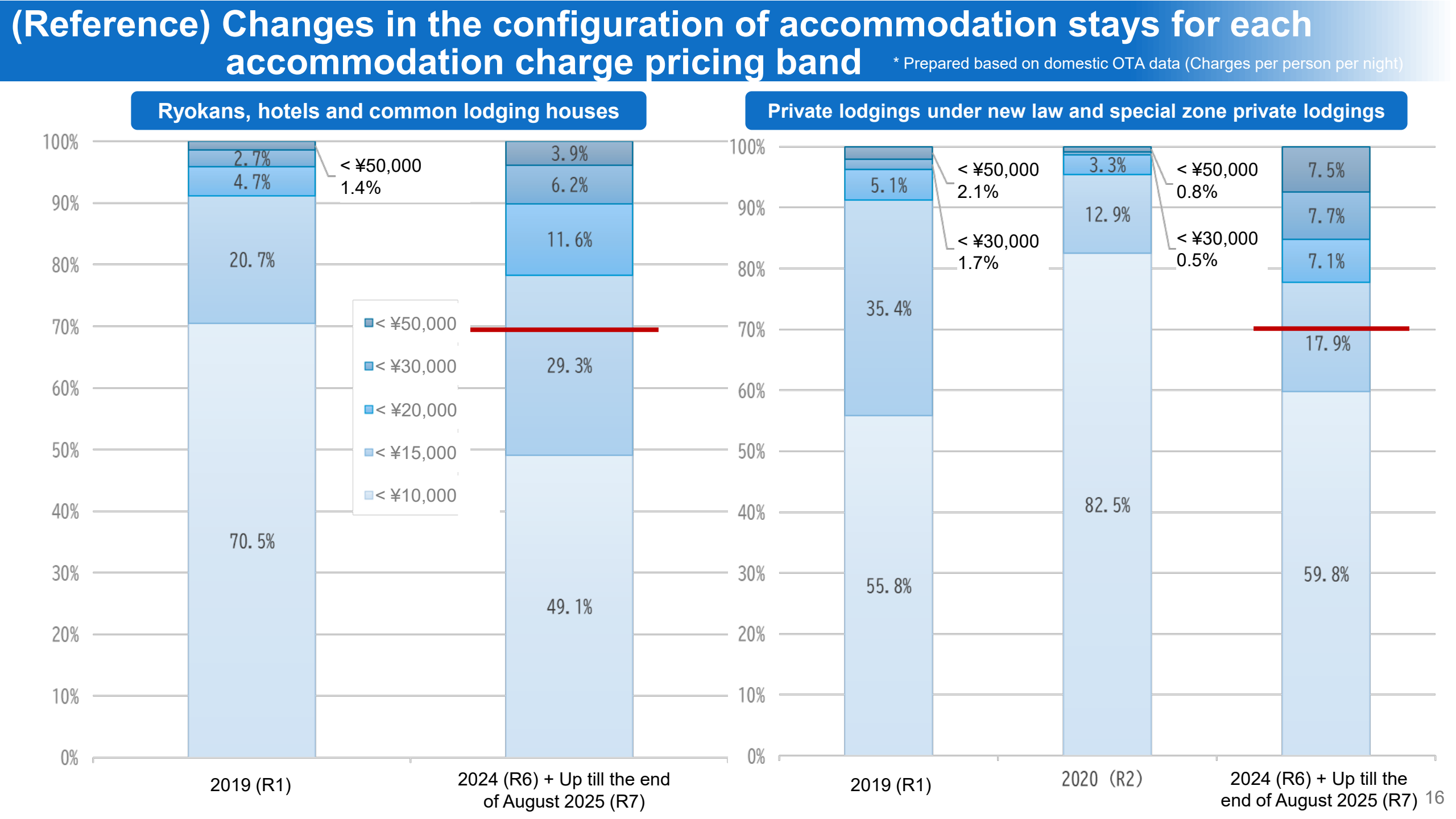


* Prepared based on Japanese domestic OTA data
(Accommodation charge per person per night. Annual value including common lodging houses and private lodgings.)

Examples of fixed rate taxation in Japan and overseas

Example	Tax rate
Hawaii	Over 10%
New York	5.875%
Kutchan Town	3%
Okinawa Prefecture (Currently in negotiations with the Minister of Internal Affairs and Communications)	2%

* Prepared based on each local government's website



Changes to the taxation method - Comparisons with other methods -

The Accommodation Tax is a discretionary special-purpose tax which is implemented under the local government's own authority and responsibility, and the ideal way of implementation should be decided based on each region's circumstances. The taxation method was reviewed while considering methods utilized by other local governments.

Comparison with the fixed-amount multi-stage method

- Other local governments are also utilizing the fixed-amount, multi-stage method as a technique which reflects the ability-to-pay burden. This is a system in which fixed tax amounts are set in each optional price band. It has the characteristic that the taxation calculation can be simplified by expanding the price bands.
- On the other hand, expanding the pricing bands which have the same tax rates will lower the tax burden rate as the accommodation charge becomes higher.
- In addition, just before and after the levels where the tax rate changes, a reduction of only ¥1 in the accommodation charge will reduce the tax amount by an even larger amount. Therefore, there will be a possibility that the tax amount will affect the form of the accommodation charges. It is thought that this will cause problems from the perspective of maintaining neutrality with regard to economic activities.
- The TMG will promote understanding of the review this time, including support for the burden imposed on accommodation facilities due to the tax-related work such as the collection, declaration and payment.

Comparison with the uniform fixed-amount method, etc.

- There is also the example of utilizing a uniform fixed-rate method in which all persons staying in accommodations bear the same tax burden amount. This system is generally based on the concept that the benefits received from the tourism promotion policy and the impacts of tourism on residents' lifestyles such as issues relating to garbage disposal and noise will be fixed regardless of the accommodation charges, so that the burden imposed should also be the same. Each local government adopts the method based on the circumstances in their region.
- From the time of the system establishment, the TMG has been utilizing the ability-to-pay approach taking into account the tax-bearing capacity. For Tokyo, in which accommodation facilities have a wide pricing band, it was decided to utilize the fixed-rate method due to the consideration to avoid seeking the imposition of a relatively high burden in the lower pricing bands.

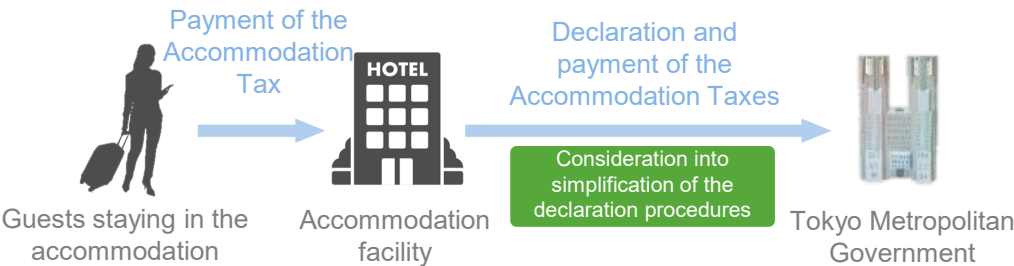
Price guidance in the fixed-amount multi-stage method

Example: The tax is ¥300 for an accommodation charge of less than ¥30,000, and the tax is ¥400 for a charge of ¥30,000 or more.

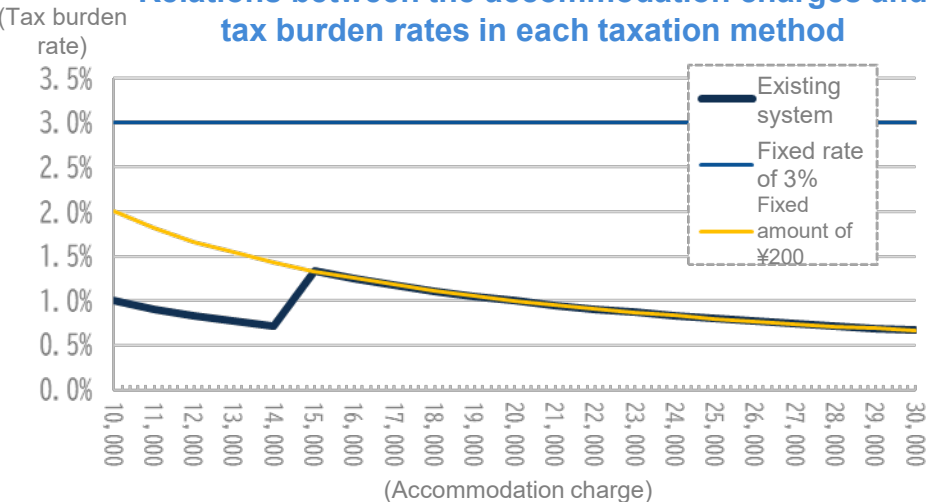
→ Therefore, a difference of ¥1 in the accommodation charge makes a difference in tax amount of ¥100.



Simplification of the declaration and payment procedures



Relations between the accommodation charges and tax burden rates in each taxation method



Tax burden rate (Tax rate)



Review of the tax rate - From the perspective of sustainable tourism promotion -

Since the introduction of the Accommodation Tax, the TMG has enhanced its tourism policy, realizing steady results, and it is important to increase the attractiveness of tourism in Tokyo going forward. On the other hand, it is necessary to enhance the measures for developing sustainable tourism against the occurrence of new issues, such as garbage disposal problems and the increase in tourists.

In this situation, regarding the revenue source for the policy, the perspective of requesting the persons staying at the accommodation facilities to bear the tax burden as the beneficiaries is important. In addition to introducing fixed-rate taxation, the TMG revises the tax burden rate to 3% in consideration of the situations in other cities, etc.

The enforcement of the ordinances is expected to realize an additional yield of approximately ¥12 billion by making these changes. Not only is this increased yield simply allocated to the revenue source of the existing policy, but the TMG will proceed to specify the policy from the budget in the next fiscal year in order to utilize the Accommodation Tax revenues for positive policy developments, such as garbage disposal measures and overcrowding measures in tourist areas and measures to further improve the quality of tourism.

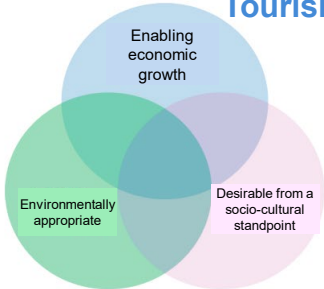
How the tourism policy revenue source should be allocated

- Since the introduction of the Accommodation Tax, the TMG has enhanced its tourism policy, realizing steady results, such as the increased tourist spending due to the increases in inbound visitors.
- However, recently garbage disposal and overcrowding problems have also occurred in tourism areas of Tokyo, and it is necessary to enhance the policy to develop sustainable tourism that harmonizes with residents' lives.
- Requesting tourists to bear the burden of the Accommodation Tax as one part of the revenue source for taking these measures is important from the perspectives of encouraging all Tokyo residents' support for tourism and also obtaining awareness by tourists of their impacts on the areas which they are visiting.
- The tax rate of the TMG's Accommodation Tax has a relatively low level when compared with other systems in Japan and overseas. As a result of the reduction in the proportion of the tourism promotion expenses taken up by the Accommodation Tax revenues, the revenue source-securing function relating to the TMG's tourism policy has reduced.
- Therefore, it will be appropriate to review the tax burden rate while referring to examples from other tourism destination cities, in addition to reviewing the taxation system.

	2004 (H16)		2024 (R6)
Number of domestic tourists visiting Tokyo	370 million	UP!	480 million
Number of overseas tourists visiting Tokyo	4.18 million	UP!	24.79 million
Tourism spending in Tokyo	¥3.5 trillion	UP!	¥9.5 trillion

* Prepared based on the Tokyo Metropolitan "Tokyo Tourist Survey" document

Image of sustainable tourism in the PRIME Tourism Destination City Tokyo 2024-2026



The portion where the three domains of "Enabling economic growth", "Environmentally appropriate" and "Desirable from a socio-cultural standpoint" overlap corresponds to "sustainable tourism"

Source of the chart:
Taken from the "Japanese Version of the Sustainable Tourism Guidelines (Summary edition)" created by the Tokyo Metropolitan Government

* Taken from the "PRIME Tourism Destination City Tokyo 2024-2026" document

Considerations of the tax rate level

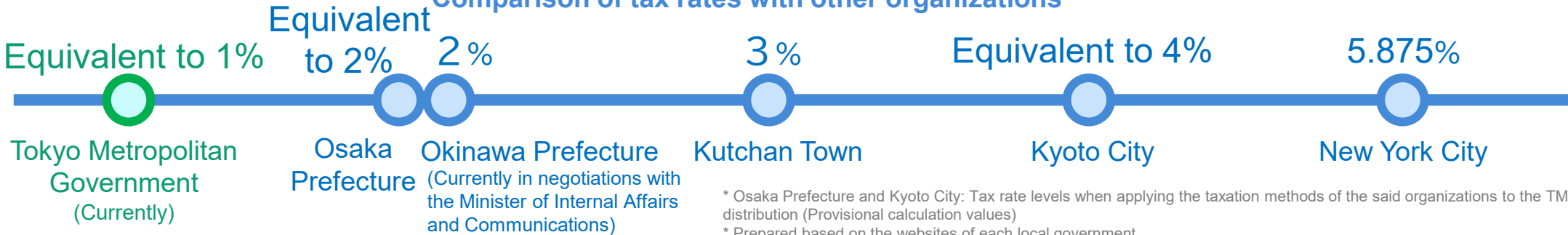
Comparison with the tax rates of other organizations

- The current TMG Accommodation Tax rate is equivalent to around 1%, which is a lower rate than the accommodation tax rates introduced in various major overseas cities and in Japan.
- Regarding the revenue source for the tourism policy, when it is assumed as an example that 80% of the revenue source is covered by the Accommodation Tax, opinions are also received that the tax burden rate would be too high in consideration of the facts that day visitors also receive benefit from the policy and Tokyo citizens also benefit from the tourism policy through improvements made to the attractiveness of parks, etc.
- Seen from these perspectives, the tax rate was compared with other cities. Based on a scope of taxation that is not too high as a revenue source-securing measure with regard to the core tourism policy of realizing continuous development going forward while giving consideration to Tokyo's competitive strengths, the TMG set a tax rate of 3% after the review.
- Considering the recent effects of inbound tourism on the living environment of Tokyo residents, although there were opinions that the tax burden should be increased only for overseas tourists and that the tax burden should be separated according to guests' places of residence, the Accommodation Tax is a tax that is imposed while focusing on the accommodation behavior. Because the accommodation behavior itself does not differ according to the place of residence, etc., it can be thought that handling the Accommodation Tax in the same way would realize a fair system.
- Additionally, it is believed that when a tax system is made more complicated, the actual work burden for the accommodation facility provider will also increase, including the confirmation of guests' places of residence and giving explanations at the information counter.
- Therefore, it was determined to continue not to differentiate the tax burden according to nationality or place of residence.

Tax rate setting and tax revenue trial calculations

Tax rate level	Tax revenue trial calculations (Tax exemption set at less than ¥13,000)	[Reference] Expenditure sufficiency rate (Compared with the tourism industry promotion costs)
4%	¥25 billion	80%
3%	¥19 billion	60%
2%	¥12 billion	40%
Existing system	¥6.9 billion	20%

Comparison of tax rates with other organizations



Initiatives following the taxation system review



Initiatives following the review of the Accommodation Tax

The Accommodation Tax utilizes a special collection system, in which the Accommodation Tax is paid by the persons staying at accommodation facilities, and the collection work is conducted by the accommodation facility providers in Tokyo.

The collected Accommodation Tax is declared and paid to the TMG by the accommodation facility providers. The Accommodation Tax is a non-statutory tax which is imposed uniquely by the TMG based on ordinances. Accordingly, the TMG will support the burden incurred by these accommodation facility providers, following the review this time.

In addition to conducting public relations activities to increase knowledge of the tax system review, the TMG will also implement tax inspections to ensure appropriate taxation, etc.

Simplification of the declaration and payment procedures

Consideration of the burden relating to special collection

Initiatives for ensuring appropriate taxation, etc.

- In a questionnaire survey of accommodation facility providers implemented in the lead-up to the Accommodation Tax review, there were opinions that they felt overloaded regarding the Accommodation Tax declaration and payment procedures.
- Based on these opinions received, specific measures will be considered and implemented going forward regarding initiatives such as the simplification of the declaration and payment frequency and the digitization of the procedures.
- Regarding the Accommodation Tax from the period when the system was established, the TMG has been issuing special collection grants to the accommodation facility providers. In relation to the review this time, the TMG will conduct an appropriate review regarding the support for these providers.
- The TMG will support the promotion of DX including the utilization of business systems for the accommodation facility providers.
- The appropriate operation of the Accommodation Tax collection, declaration and payment will be essential both for securing the revenue source for tourism promotion and also from the perspective of ensuring trust relating to the tax system.
- To ensure the suitability of each type of procedure and the declaration and payment relating to the Accommodation Tax, while also coordinating with related institutions, the Tokyo Metropolitan Government Bureau of Taxation will implement appropriate tax inspections, including facilities such as private lodgings which will be added as new subjects.

Promotion of sustainable tourism and the role of the Accommodation Tax



Tokyo Metropolitan Accommodation Tax

In order to prevail in the competition with tourism destination cities in other countries, it is significant to enhance tourism promotion even more by striving to further increase the attractiveness of Tokyo in enticing visitors from around the world and ensuring the safety and security of tourists. In addition, in order to achieve coexistence between tourists visiting Tokyo and Tokyo residents, it is also necessary to take tourism promotion measures that harmonizes with residents' lives and the environment, such as garbage disposal measures in tourism areas.

The Tokyo Metropolitan Accommodation Tax will support sustainable tourism promotion from a financial aspect by reviewing the ways of using the revenues and imposing the tax to a form in line with the times.

Schedule going forward (Planned)

November 2025 (R7)	Implementation of public comment procedures (until December 26)
February 2026 (R8)	Revised plan announcement of Accommodation Tax ordinances (2026 first regular meeting)
First half	Discussions with the Minister of Internal Affairs and Communications
During FY2027 (R9)	Enforcement of the revised ordinances (The specific enforcement date will be determined after agreement with the Minister of Internal Affairs and Communications)

