

What happened to Amazon's tax in Japan?

Published: January 13, 2026, 7:09 am

As is well known, Amazon has been playing a game in the UK and many European countries in which it claims to have no permanent establishment for tax purposes in these countries, all sales being billed from Luxembourg with the substantial local operations just being treated as sales fulfilment functions.

I've had it drawn to my attention that this arrangement was also tried in Japan and was challenged in 2009. This [was the Reuters report at that time](#):

Japanese tax authorities have told an affiliated company of Amazon.com to pay some \$119 million in taxes for unreported income in Japan over three years to the end of 2005, the Asahi newspaper reported on Sunday.

But the company said the taxation was inappropriate and asked tax authorities in the United States and Japan to discuss whether the firm properly complied with the tax code in the bilateral tax treaty, the newspaper added.

The affiliated company in Seattle, Amazon.com International Sales, has commissioned Amazon Japan and Amazon Japan Logistics to manage sales and logistic operations in Japan, while booking sales from its business in Japan back in the United States where it paid taxes, Asahi said.

But the Tokyo Regional Taxation Bureau has judged that Amazon's operations in Japan should be considered as having a 'permanent establishment (PE)', meaning their income should be taxed in Japan under the U.S.-Japan tax treaty, it added.

Officials from Amazon Japan were not immediately available for comments.

There were a number of similar reports at the time, but since then the trail seems to have gone cold.

Does anyone know what happened? [The 2011 financial statements say](#):

Certain of our subsidiaries are under examination or investigation or may be subject to

examination or investigation by the French Tax Administration for the calendar year 2006 or thereafter. We are also subject to taxation in various states and other foreign jurisdictions including China, Germany, Japan, Luxembourg, and the United Kingdom. We are or may be subject to examination by these particular tax authorities for the calendar year 2003 or thereafter.

There appears to be no such statement for Japan in 2012.

I'd be curious to know the outcome. If Japan proved its case then there is a clear precedent for other countries.