2020 Tax Reforms

1. Termination of Deflation and Economic Revitalization

- **[Measures on open-innovation activities]** Introduce corporate income deduction equivalent to 25% of investment in certain startups by business firms to promote open-innovation activities that lead to business innovation

- **[Tax measures to promote 5G-related equipment installation]** Establish measures that allow tax credit (15%) or special depreciation (30%) for certain investments in 5G-related equipment

- **[Revision to consolidated taxation system]** Allow each corporation in the group company to declare individually while maintaining certain system to aggregate profits and losses within the group company

2. Revision to Tax System in response to Economic and Social Structural Changes

- **[Fair tax system for private pensions]** Apply current tax measures in accordance with the scheduled review of the private pension system, responding to prolonged life-span and expansion/diversification of employment

- **[Revision and extension of NISA]** Extend the final year of NISA account opening while revising its system to further promote regular and diversified investment

- **[Tax measures for unmarried single-parents and review of tax deductions for widows/widowers]** Eliminate “unfairness by marital history” and “unfairness between male and female single-parents” to realize fair tax systems for all single-parents’ children (apply tax deductions to unmarried single-parents, equalize conditions for widows/widowers)

3. Others

- **[Revision to foreign asset statements system]** Review (i) foreign asset statements system and (ii) period of exclusion for reassessment/determination of tax filing, from the perspective of encouraging appropriate information disclosure by taxpayers regarding transactions conducted outside of Japan

- **[Revision to dependent deduction for relatives residing overseas]** Exclude relatives residing overseas between 30 and 69 years old (except relatives who have become non-residents due to studying abroad, the handicapped and relatives who receive more than 380,000 yen a year from taxpayer in Japan) from the scope of dependent deduction (2023~)

- **[Addressing international tax avoidance]** Respond to tax avoidance of creating capital loss for tax purposes by transferring stocks of a subsidiary with diminished value in combination with tax exemption for receiving dividends from the subsidiary

- **[Measures to promote export of Japanese sake]** Establish new license to produce Japanese sake for export (exemption of minimum production quantity requirement) from the perspective of expanding the export of Japanese sake