

## **(1) Tax Measure to Promote Wage Increases**

- Large companies which have increased the total payroll of “continued employees” by more than 3% are allowed to take a tax credit (15% of the increased amount).
- Additional tax credits are given in the following cases;
  - ✓ Increase the total payroll of “continued employees” by more than 4% → +10%
  - ✓ Increase education and training expenses by more than 20% → + 5%

(Note) In order to be eligible for the tax credit, large companies with more than a capital of one billion yen and 1,000 employees are also required to make a declaration that they do business while considering their multiple stakeholders.

- Small and medium-sized enterprises (SMEs) which have increased the total payroll of all employees by more than 1.5% are able to claim a tax credit (15% of the increased amount).
- Additional tax credits are given in the following cases;
  - ✓ Increase the total payroll of all employees by more than 2.5% → +15%
  - ✓ Increase education and training expenses by more than 10% → +10%

“Continued employees”: those who got paid every month in the current and previous year.

## **(2) Upgrade of the Existing Tax Measure to Promote Open-Innovation activities**

- In order to promote open innovation further through the collaboration between large enterprises and start-ups, extend the measure by 2 years with the following upgrades.
- Shorten the minimum period of holding start-ups’ shares required for companies making an investment in order to claim an income deduction (25% of the shares’ value obtained) : 5 years → 3 years
- Ease the eligible requirement for R&D start-ups : within 10 years after their establishment → within 15 years

## (3) Review of the Existing Tax Measure to Promote 5G Network Technology

- In order to accelerate the investment related to 5G technology in local areas, extend the measure by 3 years to FY 2024, but make the tax credit phase down as below.

Measures	Tax credit								Special depreciation	
	Mobile network operator				Local 5G licensee				Common	
Year	Current	FY 2022	FY 2023	FY 2024	Current	FY 2022	FY 2023	FY 2024	Current	FY 2022 to FY 2024
Depopulated areas, remote islands etc.	15%	15%	9%	3%	15%	15%	9%	3%	30%	30%
Other areas		9%	5%	3%						

## (4) Review of the Existing Tax Credit for Housing Loans

- Extend the measure by 4 years with the following reviews.
- In order to achieve carbon neutrality, allow a larger borrowing amount eligible for the tax credit for highly energy-saving houses than other houses.
- Extend the tax creditable duration for newly-built houses : 10 years → 13 years
- Decrease the tax credit : 1% → 0.7% (of the remaining mortgage balance of every year)
- Tighten income requirement : 30 million yen or less → 20 million yen or less