

(1) Drastically expand NISA and make it permanent

- Drastically expand NISA and make it permanent from the perspective of “doubling asset income” and “shifting from savings to investment”;
- Annual investment limit [Installment investment limit] 400 thousand yen ⇒ 1.2 million yen
[Growth investment limit] 1.2 million yen ⇒ 2.4 million yen } 3.6 million yen※
- Non-taxable holding period [Installment investment limit] 20 years } ⇒ Permanent ※ The limit is higher than UK’s ISA
[Growth investment limit] 5 years } (approx. 3.35 million yen including savings)
- Total tax exemption limit [Installment investment limit] 8.0 million yen ⇒ 18 million yen
(Book value balance) [Growth investment limit] 6.0 million yen ⇒ 12 million yen (Within the above)

(2) Radically strengthen the startup ecosystem

- Establish a new tax exemption for gains on stock transfers capped at 2.0 billion yen which is applied when the gains are used for establishment of business or investment in startups of pre-seed/seed period.
- Expand the scope of the tax measure to promote open innovation activities, covering the acquisition of existing shares without new money so that it can be applied to mergers and acquisitions that lead to the growth of startups.

(3) Adequacy of burden on extremely high levels of income

- Introduce a new minimum tax burden on extremely high income to keep the tax burden fair. (Effective from the income tax for 2025)

(4) Vehicle Taxation

- Keep the current eco-car tax break for motor vehicle tonnage tax unchanged until the end of 2023 as an exceptional measure, in light of the shortage of semiconductors due to the spread of COVID-19 and other factors. Thereafter, the standards for the tax break will be raised in 2024 and 2025 respectively.

(5) R&D Tax Credit

- Introduce a new system in which the current 25% tax credit limit for test and research expenses will change between 20% and 30% according to the change of the rate of increase or decrease in test and research expenses.
- Greatly expand the scope of open innovation “R&D start-ups” to encourage joint research and contract research with a wide range of start-ups.
- Establish a new preferential treatment in the R&D Tax Credit System for corporations employing PhD holders and researchers with certain experience.

(6) International Taxation

- Introduce the Income Inclusion Rule (IIR) of the Global Minimum Tax (Pillar 2 of the two-pillar solution) in accordance with the agreement at the OECD/G20 Inclusive Framework on BEPS.

(7) Tax measures to secure financial resources for strengthening defense capabilities

- To secure 1 trillion yen in FY2027 for defense budget, the following measures will be implemented at an appropriate time in or after 2024.

Corporation tax

- Impose a new 4-4.5% surtax on the corporation tax amount.
- Deduct 5 million yen from the tax base for all companies considering the impact on small and medium-sized corporations.

Personal income tax

- Impose a new 1% surtax on the income tax.
- Reduce the rate of Special income tax for reconstruction from Great East Japan Earthquake by 1% and extend the taxation period to secure the total amount of reconstruction funds.

Tobacco tax

- Gradually increase tobacco tax equivalent to 3 yen per cigarette considering the impact on domestic tobacco farmers and ensuring foreseeability.