

# Corporation Tax System Reforms to Date

FY2017  
reform

## ○ Policy-based tax measures to promote R&D investment and wage hikes and to support SMEs

- Revision of the R&D tax system (revision of the total spending-based tax credit rate and abolition of the additional spending-based tax credit rate)
- Creating a tax system for promoting business investment for regional core companies

FY2018  
reform

## ○ Policy-based tax measures to spur sustainable wage hikes and capital investment for improving productivity

- Revision of the tax system for promoting expansion of income (establishment of a tax system related to the promotion of wage hikes and investment for large companies)
- Creating a tax system to promote high quality investment (→abolished in 2020)
- Revising requirements for special tax measures (including non-applicable measures for the R&D tax system for large companies)

FY2019  
reform

## ○ Policy-based tax measures to promote innovation and to support SMEs

- Revision of the R&D tax system (enhancement of the open innovation activity-based tax credit, revision of the rate of the volume-based tax credit, integration of the high R&D intensity tax credit into the volume-based tax credit)
- Creating tax measures related to capital investment for proactive measures against disasters for SMEs

FY2020  
reform

## ○ Tax system for spurring efforts made for strengthening innovation

- Creating tax measures to promote open-innovation activities (for new investment)
- Creating tax measures to promote 5G-related equipment installation

## ○ Revision of consolidated taxation system (Shift to group aggregation system)

COVID-19  
economic  
measures

## ○ Urgent tax measures for taxpayers in difficult situations

- Special exception for a refund by carrying back loss to medium-sized enterprises (corporations with a capital of more than 100 million yen and less than one billion yen)
- A capital investment tax system for small and medium-sized enterprises for telework, etc. (a new type to be added to the tax system for strengthening the management of small and medium-sized enterprises)

# Corporation Tax System Reforms to Date

FY2021  
reform

## ○ Policy tax system to transform the economic structure toward the post-COVID era and realize a virtuous cycle

- Creating tax measures to promote digital transformation investment
- Creating tax measures to promote investment for carbon neutrality
- Revision of the R&D tax system (including a raise of the deduction limit for the general type [the former total amount type] and a review of the deduction rate)
- Revision of the tax system related to the promotion of wage hikes and investment for large companies (reorganization to a tax system for promotion of activities to secure human resources)
- Creating a special deduction limit for loss carryforwards
- Creating tax measures to encourage business restructuring (stock-consideration mergers and acquisitions (M&A) and small and medium-sized enterprise M&A)

FY2022  
reform

## ○ Policy tax system for realizing a virtuous cycle of growth and distribution (1)

- Drastic reinforcement of the tax system aimed at wage hikes (reorganization into a tax system to promote wage hikes)
- Review of tax measures to promote 5G-related equipment installation (requirements for eligible equipment, tax deduction rate, etc.)

FY2023  
reform

## ○ Policy tax system for realizing a virtuous cycle of growth and distribution (2)

- Review of the R&D tax system (review of the deduction rate, introduction of a system under which the maximum amount of tax deduction fluctuates)
- Promotion of pioneering investment in human resources by companies
- Enhancement of tax measure to promote open-innovation activities (addition of acquisition of existing stocks)