

INCENTIVES FOR DIRECT INVESTMENT

1 Cost reduction

➤ Reduction of corporate tax and fees

- ✓ Domestic affiliated companies of certified companies may be entitled to a special tax relief through the Act for Promotion of Japan as an Asian Business Center.
 - 7% effective corporate tax reduction for 5 years (from approximately 38% to 31%)
The effective tax rate will be cut to approximately 29% from Apr. 2015 when special corporate tax for reconstruction expires. Special tax breaks of local governments can be combined to further reduce effective corporate tax to early 20%.
 - Examination-request fees and annual patent fees are reduced 50% for SMEs.
 - In special cases, tax deferral of the stock option benefit arising on the exercise of options granted by foreign parent companies.

➤ Location subsidies

- ✓ Subsidies for high value-added sites reduce initial investment.
 - Capital investments may be subsidized by 50% (maximum 500 million yen (6.5 million USD) per case). In areas of reconstruction, capital investments may be subsidized up to two-thirds of the total investment.
 - In the last 2 years, 15 companies have already been entitled to receive this subsidy.
- ✓ Local governments offer additional subsidies.

2 Accelerated procedures for starting businesses

➤ Shorter examination period for resident status

- ✓ Domestic affiliated companies of certified companies will be granted a shorter period of 10 days as opposed to 30 days.

➤ Shorter investment holding period

- ✓ Certified companies wishing to invest in Japanese companies in regulated industries may be granted a shortened examination period of 2 weeks as opposed to 30 days.

➤ Accelerated patent examination

- ✓ This system can be applied to applications relating to the technology invented as the result of R&D activities accredited by the Act for Promotion of Japan as an Asian Business Center.
 - Average examination waiting period in 2011 : Average cases: 22.2 months → Accelerated cases: 1.9 months

➤ Patent Prosecution Highway

- ✓ If patents have been granted in Japan, it can simplify examination procedure in the U.S. and Europe, etc.

3 Special regional incentives

➤ Comprehensive “Special Zones” for international strategy

- ✓ As an example of special regional incentives, the “Special Zone for Asia Headquarters” in Tokyo offers reduction of local taxes such as corporate enterprise tax, one-stop concierge service for living, one-stop business services such as provision of office space with autonomous power generators and reinforcement against earthquakes.
http://www.chijihon.metro.tokyo.jp/ahq_project/index.html

➤ “Special Zones” for reconstruction

- ✓ Corporate tax exemption for new corporations in designated areas for five years.
- ✓ Corporations in these areas are eligible for immediate depreciation on assets acquired for R&D activities, and more.
http://www.reconstruction.go.jp/english/topics/20120919_presentation_reconstruction_rev.pdf

4 One-stop full support by JETRO

➤ Support for starting a business in Japan

- ✓ 6 IBSC (Invest Japan Business Support Center) in Japan have professional bilingual staff to offer comprehensive support.
 - (1) Temporary office space (Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka)
 - (2) Free legal, tax, labor, visa consultation.
 - (3) Introduction of various services such as real estate and recruitment companies. More services are available.