

## Tax Rates

Tax	Rate	Tax	Rate
<b>Corporate Income Tax</b>	25.5%	Individual Income Tax	5% - 40%
+ Local corporation special tax	4.292%	Consumption Tax	8%
+ Enterprise Tax	3.260%	Inheritance Tax	10% - 50%
+ Local Tax	5.28%		
Effective Tax Rate approx	35%		

## Highlights

### Corporate Income tax

The revival of the corporation special tax was abolished, one year before the original plan. As for 50% of expense accounts for eating and drinking, cost inclusion is accepted.

### Individual Income tax

The income deduction of the salary was reviewed. Deduction for specific expenses is accepted for the salaried employees.

### Consumption Tax

The rate of consumption tax was revised from 5% to 8% in April 2014. Furthermore, the rate of consumption tax is going to be raised to 10% one year six months later.

### Inheritance Tax

Basic deduction of Inheritance Tax is reduced, and the rate of Inheritance Tax will be raised in 2015.

## Current Tax Reforms

### Consumption Tax

Consumption tax will be raised to 10% in October 2016.

### Individual Income Tax

National tax 2015-

Taxable Income		Rate	Deduction	
Over	Not Over			
	1,950,000	5 %	JPY	0
1,950,000	3,300,000	10		97,500
3,300,000	6,950,000	20		427,500
6,950,000	9,000,000	23		636,000
9,000,000	18,000,000	33		1,536,000
18,000,000	40,000,000	40		2,796,000
40,000,000		45		4,796,000
Local tax		10 %		

## Inheritance Tax

2015-

Taxable Income		Rate	Deduction	
Over	Not Over			
	10,000,000	10 %	JPY	0
10,000,000	30,000,000	15	500,000	
30,000,000	50,000,000	20	2,000,000	
50,000,000	100,000,000	30	7,000,000	
100,000,000	200,000,000	40	17,000,000	
200,000,000	300,000,000	45	27,000,000	
300,000,000	600,000,000	50	42,000,000	
600,000,000		55	72,000,000	

## Outlook

Japan's macro economy has continued to recover moderately.

Exports are leveled off. The business fixed investment becomes increasingly evident as corporate profits are improved. Public investment continues to increase. With improvement in the employment and income situation, housing investment continues to increase and private consumption remains resilient. Reflecting these developments in demand both at home and abroad, industrial production is increasing a little.

Imports are increased, and trade deficit has highly increased because of weak yen and non-operation of nuclear power generation.

SMEs are struggling because of expanding of e-commerce and strong request for price reductions from huge companies.

Japan is going into the stage of population decreasing, and the ratio of working-age population decreases.

Japan considers increase in foreign workers positively.

With regard to the outlook, Japan's economy is expected to continue a moderate recovery as a trend, while it will be affected by the front-loaded increase and subsequent decline in demand prior to and after the consumption tax hike.