FY2015 Japan Tax Reform

2015
Ministry of Finance Japan

FY2015 Japan Tax Reform


"My number" system character Maina-chan

※ This pamphlet compiles an outline of the Act Partially Amending the Income Tax Act, etc. (Act No. 9 of 2015) in an easy-to-understand manner (the Act Partially Amending the Income Tax Act, etc. was approved and enacted on March 31, 2015).

Chapter 1

Corporate Taxation

Pro-growth corporate tax reform

The structure of corporate taxation will be made more growth-oriented by expanding the tax base while reducing the tax rate, thereby sharing the tax burden more broadly and reducing the burden on companies with "profit-earning power".

(1) Reduction of the corporation tax rate

The corporation tax rate is reduced from 25.5% to 23.9%.

※ To be applied for the business years starting on or after April 1, 2015

Reference Effective corporate tax rate for national and local taxes

The FY2015 Tax Reform reduces the effective corporate tax rate for national and local taxes as follows, together with the corporation enterprise tax rate on income (local tax; the rate for large corporations before reform was 7.2%). The effective corporte tax rate is to be further reduced to the twenties in several years.

	Before reform	FY2015	FY2016
Corporation tax rate	25.5%	23.9%	23.9%
Corporation enterprise tax rate on income (standard tax rate)	7.2%	6.0%	4.8%
Effective corporate tax rate (national and local)	34.62%	32.11% (-2.51%)	31.33% (-3.29%)

※Corporation enterprise tax rate on income includes local special corporation surtax.

(2) Broadening the tax base

① Revision of the deduction of loss carried-forward

The deduction limitation for large corporations (before reform: 80% of income) is lowered, in order to improve the current situation, where the loss carried-forward system significantly narrows down the tax base, and to provide a incentive to improve profitability for corporations which are unwilling to be subject to the deduction limitation.

	Before reform	After reform
Deduction limitation (For large corporations)	80% of income	Business years starting on or after April 1, 2015 → **65% of income** Business years starting on or after April 1, 2017 → **50% of income**
Special provisions for corporations under business reconstruction	[Transitional measures for corporations for which the order of commencement of rehabilitation proceedings has been issued before April 1, 2012] **Full amount of income** (up to the business year that contains the day seven years after the day on which the order of confirmation of the rehabilitation plan is issued)	**Full amount of income** (up to the business year that contains the day seven years after the day on which the order of confirmation of the rehabilitation plan is issued) ※In the case of relisting, business years thereafter are not covered. ※The transitional measures are consolidated and abolished.
Special provisions for newly established corporations	–	**Full amount of income** (up to the business year that contains the day seven years after the date of establishment) ※In the case of listing, business years thereafter are not covered.
Carried-forward period	**9 years** ※Loss that arose in the business year that ended on or after April 1, 2008	**Extend to 10 years** ※ To be applied for loss that arises in the business years starting on or after April 1, 2017 ※ Also extend the period to preserve books and documents to 10 years

② Revision of exclusion of dividends received, etc. from gross profits

- With regard to investments in shares for the purpose of holding and controlling (= shares held by companies with high shareholding ratios), dividends received from such investments is fully excluded from gross profits so as to prevent the tax system from affecting businesses' selection of their managment style, etc., and the standard of shareholding ratios is revised.
- With regard to investments in shares, etc. not for the purpose of holding and controlling (= shares held by companies with low shareholding ratios), categories are newly created in a manner not to distort the selection from among various investment opportunities, and the exclusion ratios are partially reduced.

	Before reform		After reform	
	Shareholding ratio	Exclusion ratio	Shareholding ratio	Exclusion ratio
Ratio of exclusion from gross profits	Less than 25%	50%	**5% or less**	**20%**
			Over 5% to 1/3 or less	**50%**
	25% or more	100%	**Over 1/3**	**100%**
Distributions of equity investment trust	50% of the half or quarter of the distributions excluded from gross profits.		0% excluded from gross profits (fully included in gross profits) ※20% of the distributions of specified equity investment trust should be excluded from gross profits.	

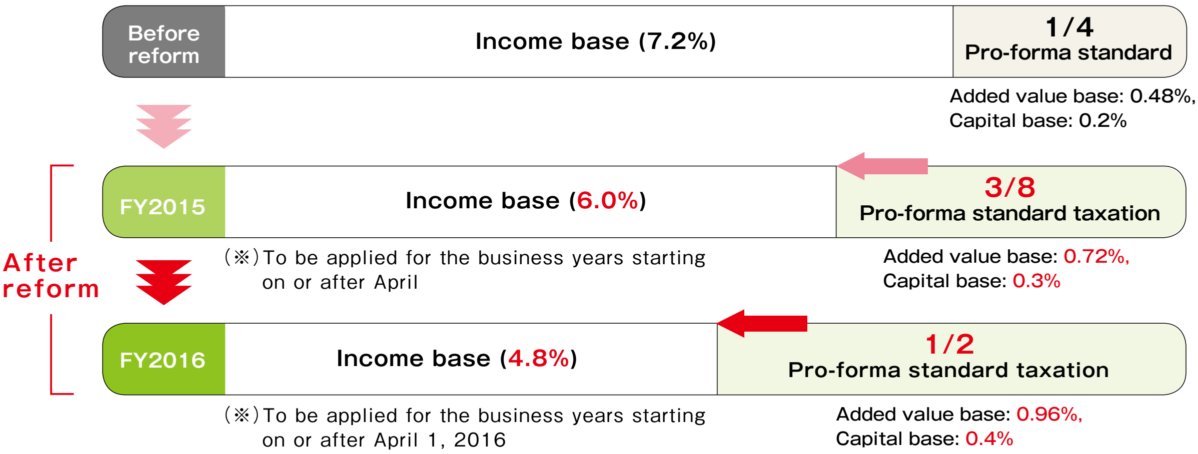
(※)To be applied for the business years starting on or after April 1, 2015

Reference **Expansion of pro-forma standard taxation of local corporate enterprise tax, etc.**

Expansion of pro-forma standard taxation

Pro-forma standard taxation of local corporation enterprise tax for large corporations is expanded with the aim of strengthening the beneficiary based taxation principle in local corporate taxation as well as providing corporations with incentives to enhance their profitability.

At the same time, the corporation enterprise tax rate on income for large corporations (before reform: 7.2%) is reduced (mentioned above).



Consideration for changes in tax burden

When the expansion of pro-forma standard taxation results in increasing the tax burden on corporations smaller than a certain level, special measures are taken in consideration of such changes in burden (FY2015 and FY2016).

Consideration for wage hikes in pro-forma standard taxation

A new system is introduced to deduct the amount equivalent to the salary payment increase from the tax base of corporation enterprise taxation (pro-forma standard taxation) based on additional value when companies meet the eligibility requirements for tax measures for promoting expansion of income under corporation tax.

③Revision of special tax measures

Revision of the R&D tax system (based on total amount of experiment and research expenses)

A tax credit amount (5%) is set separately for special experiment and research expenses, such as joint research and contract research, from the perspective of promoting open innovation, while the total tax credit amount is maintained as 30% of the corporation tax amount. (The carrying forward system for the excess over the limit is abolished.)
The scope of the special experiment and research expenses is expanded and tax credit rates are raised.

		Before reform	After reform
Total tax credit amount		30% of the corporation tax amount (20% in principle until the end of FY2014)	30% of the corporation tax amount
General experiment and research expenses	Tax credit rate	8~10%(12% for SMEs)	8~10%(12% for SMEs)
	Tax credit amount (upper limit)	30% of the corporation tax amount (20% in principle until the end of FY2014) ※The excess over the limit may be carried forward for one year.	25% of the corporation tax amount ※The carrying forward system for the excess over the limit is abolished.
Special experiment and research expenses	Scope	Expenses for the following experimental research ①Joint/contract research with national research institutes or universities ②Joint research with private companies ③Contract research commissioned to SMEs, etc.	• Add public interest corporations, local government organizations and local independent administrative agencies, etc. to entities to which to commission research ③ • Add royalties for intellectual property rights in "④ Experimental research conducted by obtaining licenses from SMEs"
	Tax credit rate	12%	①:30%、②~④:20%
	Tax credit amount (upper limit)	Within the tax credit amount for general experiment and research expenses	5% (separately set) of the corporation tax amount

(*) To be applied for the business years starting on or after April 1, 2015

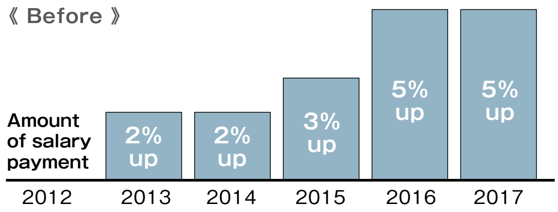
Revision of other special tax measures

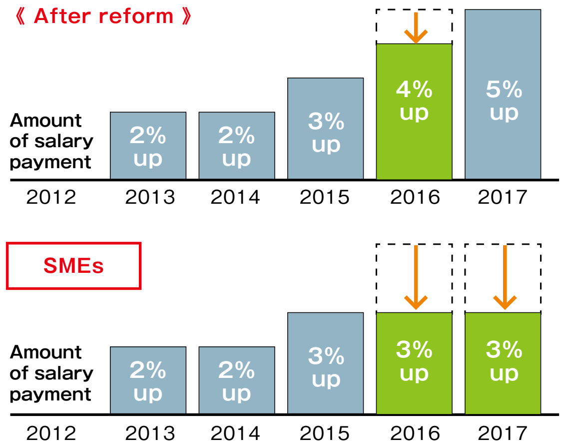
The tax measures to promote investment in facilities to improve productivity is abolished and other revisions are to be made.

(3) Consideration for wage hikes

Strongly support the establishment of a virtuous economic cycle by front-loaded tax reduction of corporation tax in FY2015 and 2016.

Ease the eligibility requirements of tax system for promoting expansion of income.





○When requirements such as a rise of 2% or more in FY2013 and 2014 (3% or more in FY2015 and 5% or more in FY2016 and 2017) in the amount of salary payment compared with the base year (2012 in principle) are met, tax credit of 10% of the increased payment is allowed (upper limit is 10% of the corporation tax amount (20% for SMEs)).

Consideration for wage hikes in pro-forma standard taxation of local corporate enterprise tax (mentioned above)

Creation of a tax system for strengthening local business facilities

Following measures are introduced for companies relocating headquarter functions from Tokyo areas to local areas, or expanding local facilities, on condition that a plan is drawn and approved by the local government..

Creation of special depreciation or tax credit

The following measures are taken with regard to buildings and structures exceeding a certain level in size, which a corporation obtains in line with the plan (approved by March 31, 2018) within two years.

- **In the case of relocating headquarters functions:** Special depreciation of 25% or tax credit of 7%
  (4% in the case where a plan is approved on or after April 1, 2017)
- **In the case of expanding headquarters functions:** Special depreciation of 15% or tax credit of 4%
  (2% in the case where a plan is approved on or after April 1, 2017)

※Upper limit of the tax credit is 20% of the corporate tax amount of the relevant business term.

Expansion of the employment promotion tax system

When a corporation whose plan is approved by March 31, 2018, meets the eligibility requirements for the employment promotion tax system (excluding existing requirement [ii]), measures to which the following special provisions of said system are applicable are taken for three years after the plan is approved.

※The total tax credit amount under the existing employment promotion tax system and the newly created tax system for strengthening local business facilities is up to 30% of the corporate tax amount of the relevant business term.

Existing employment promotion tax system

Tax credit equivalent to the "increase in employment in a corporation as a whole from the previous term× 400,000 yen"

Requirement [i]:
Increase of 5 or more workers (2 or more workers for SMEs) in a corporation as a whole from the previous term

Requirement [ii]:
10% or more increase in the number of workers of a corporation as a whole from the previous term , etc.

Special provision 1

The increase in employment in the relevant local business facilities from the previous term

× **¥500,000**

(To the extent of employment increase in a corporation as a whole from the previous term)

(200,000 yen when requirement [ii] is not met)

Special provision 2

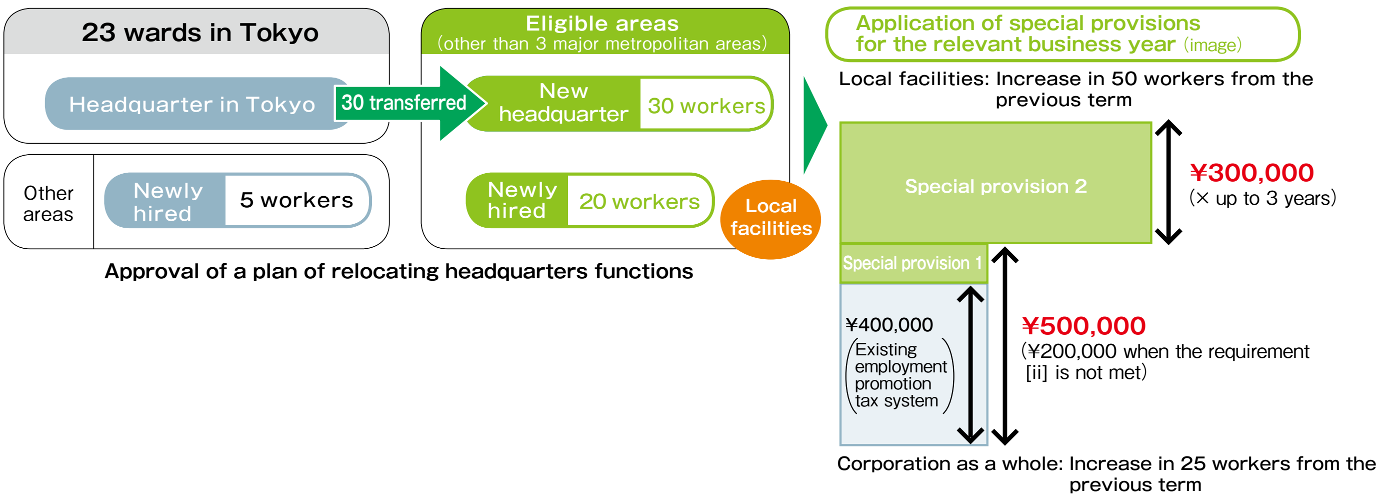
Only in the case of relocating headquarters functions , tax credit equivalent to the increase in employment in the relevant local business facilities from the number of workers in the preceding term just before the plan is approved

× **¥300,000**

《 Example 》

In the fiscal year when a plan for relocating headquarters functions is approved:

✓30 workers transferred from the headquarter in Tokyo to local facilities
✓20 workers newly hired at local facilities and five at facilities in other areas



Chapter 2

Consumption Taxation

(1) Change in the implementation date of the consumption tax hike to 10%

- The date of the consumption tax hike to 10% is changed from October 1, 2015, to April 1, 2017.
- The provision that links the implementation of the tax hike to the assessment of the economic condition (Supplementary Provisions Article 18(3) of the Comprehensive Tax Reform Act) is deleted.

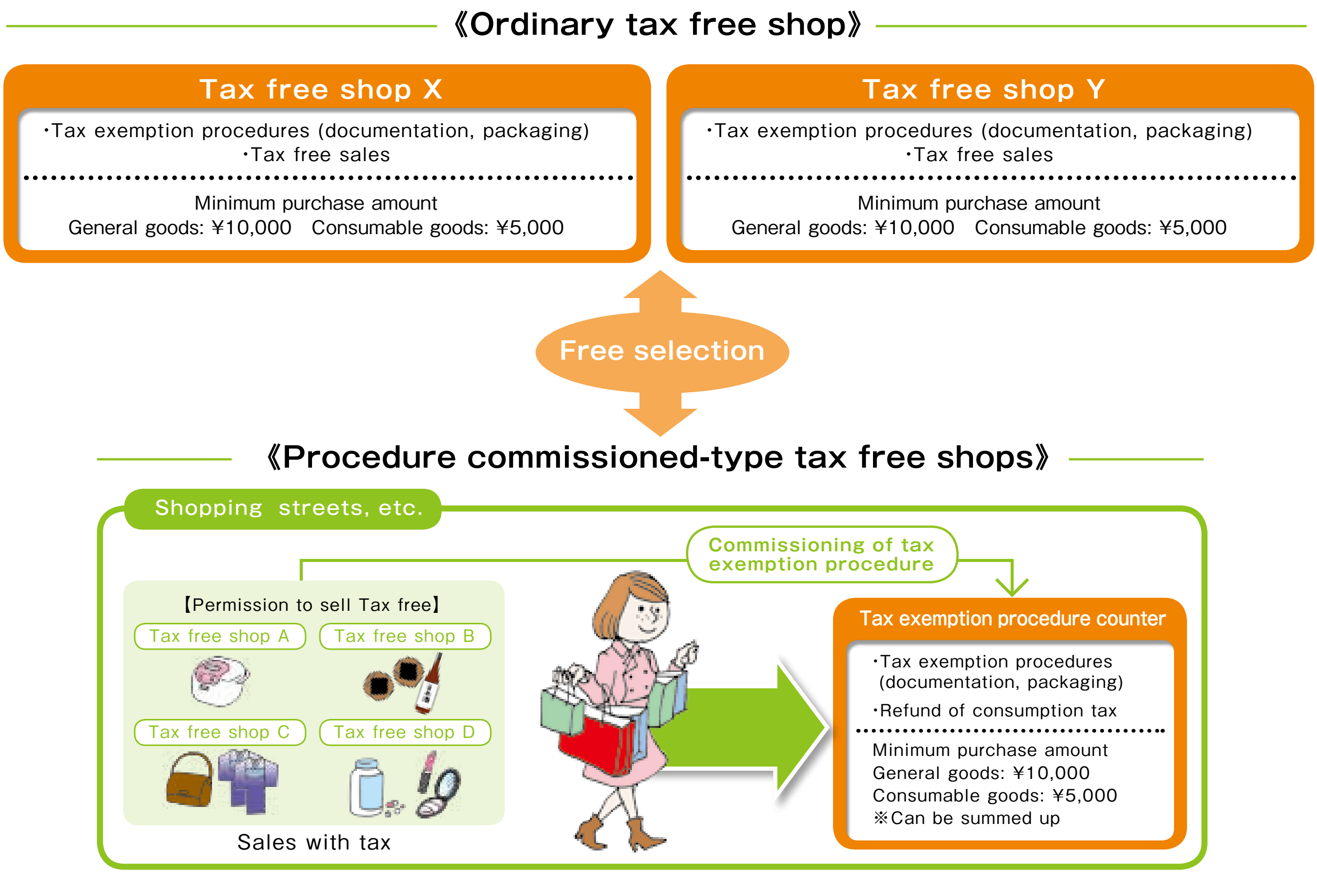
(2) Expansion of the consumption tax exemption system for foreign tourists

In order to increase tax free shops and improve convenience for foreign tourists, the following measures have been implemented since April 2015:

- Tax exemption procedure can be conducted at a one-stop counter on behalf of groups of shops in shopping streets and malls.

  ※The minimum purchase amount for tax exemption (¥10,000 for general goods and ¥5,000 for consumable goods) can be judged by total sum of purchase amount at each shop.

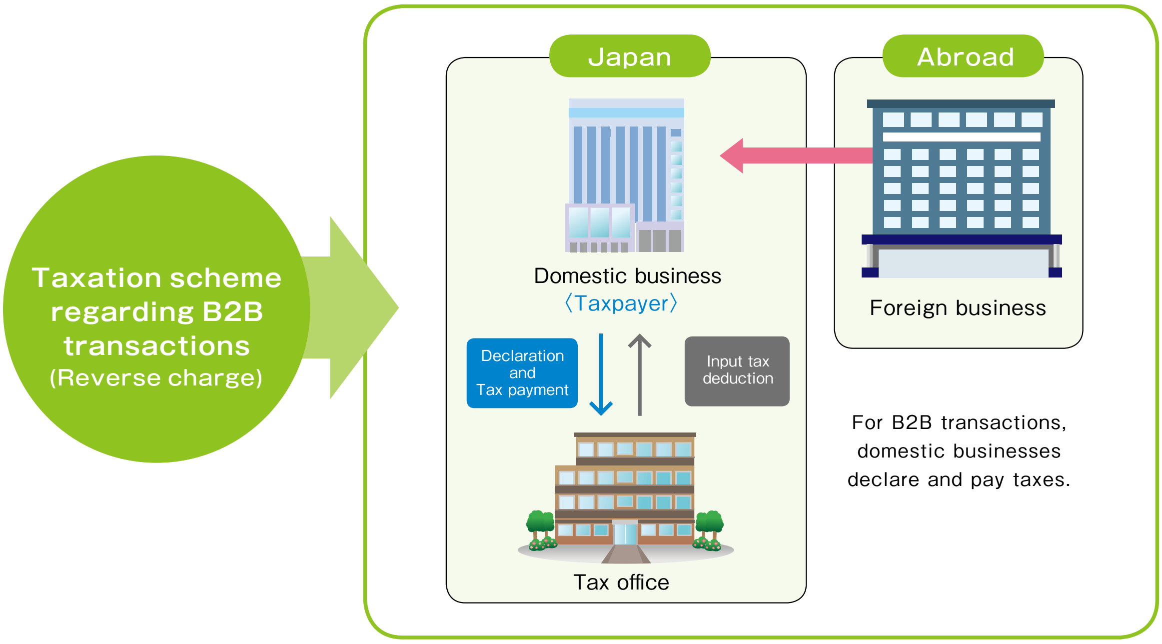
- Business operator of a tax free shop, who has already obtained approval from the relevant district director of the tax office to operate a temporary shop at cruise ship port facilities, can conduct tax free sales at a temporary shop at such facilities. This is on condition that theyreport their intention to open a temporary shop by the preceding day to the district director of the tax office.

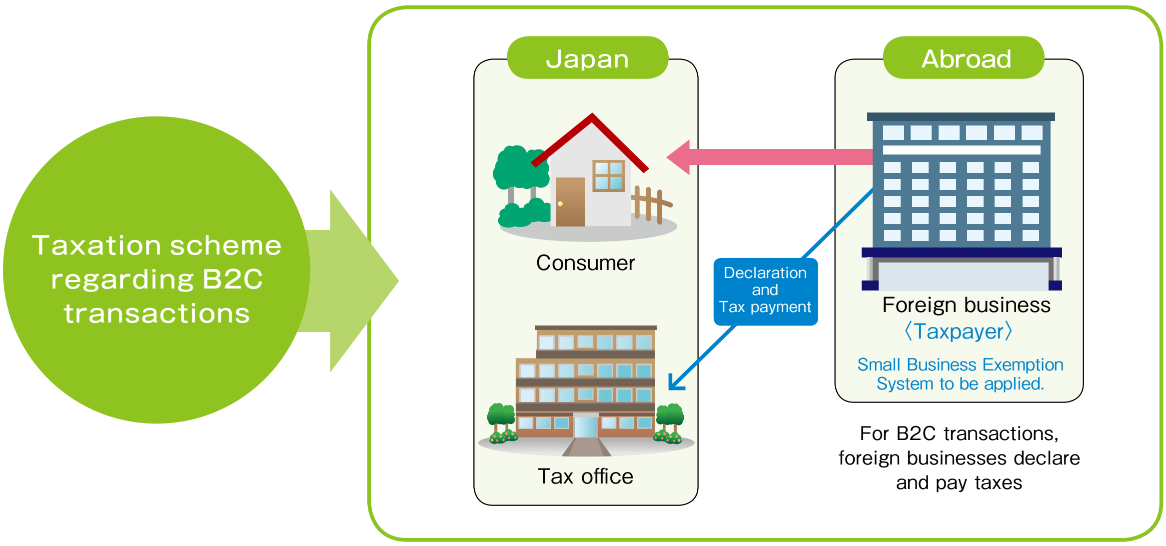


(3) Revision of consumption taxation on cross-border supplies of services

- Consumption tax is to be levied on cross-border supplies of electronic commerce by foreign businesses, such as the provision of digital books, music and advertisements, in order to ensure competitive equality between domestic and foreign businesses (effective in October 2015).
- Concerning the taxation scheme where a service provider is a foreign business
  - With regard to B2B transactions, the "reverse charge mechanism" is going to be introduced; and
  - With regard to B2C transactions, the foreign business will declare and pay tax.

※"B2B transactions" are services that are clearly for businesses, concerning the nature, terms, etc. of the services provided (e.g. provision of advertisement). The other transactions are "B2C transactions" (e.g. provision of digital books and music).
※Considering the administrative burden, as to businesses whose rate of taxable sales to total sales is 95% or more, transactions subject to the reverse charge mechanism will be exempt from tax filing.
※A foreign tax payer who does not have its offices, etc. in Japan will be required to appoint a resident to whom tax documents of the taxpayer will be delivered.
※If businesses receive consumer services from a foreign service provider, and the foreign service provider is registered by Commissioner of National Tax Agency, input tax deduction will be permitted.





(4) Revision of taxation on automobiles

Revision of motor vehicle tonnage tax

With regard to tax reduction or exemption for eco-friendly automobiles, in order to support a smooth shift to more strict fuel efficiency standards and stimulate automobile purchases, the following measueres are taken. Continuing tax reduction for a part of eco-friendly automobiles (based on FY 2015 fuel efficiency standards (FES)) and replacing the standard with 2020 FES as a two-year temporary measure.

< Passenger vehicle >

《 Before reform 》

	First car inspection	Second car inspection
Electric vehicles, etc.(※) Compliant+20% compared to 2015 FES	Exemption	Exemption
Compliant+10% compared to 2015 FES	75% reduction of tax rate	
Compliant with 2015 FES	50% reduction of tax rate	

《 After reform 》

	First car inspection	Second car inspection
Electric vehicles, etc.(※) Compliant+20% compared to 2020 FES	Exemption	Exemption
Compliant+10% compared to 2020 FES	75% reduction of tax rate	
Compliant with 2020 FES	50% reduction of tax rate	
Compliant+5% compared to 2015 FES	25% reduction of tax rate	

※Electric vehicles, etc.: Electric vehicles, fuel cell vehicles, natural gas vehicles, plug-in hybrid vehicles and clean diesel vehicles

(Note 1) Regular tax rates are applied to vehicles that is compliant +5% compared to 2015 FES when a car inspection certificate is issued. Additionally, as temporary measures, regular tax rates are applied to new vehicles that is compliant with 2015 FES

(Note 2) With regard to gasolin vehicles and hybrid vehicles, only those that achieve 75% reduction from 2005 Emission Standards (☆☆☆☆) are eligible.

(Note 3) Taxation on buses and trucks is also going to be revised in accordance with that on passenger vehicle.

Reference Revision of taxation on automobiles for local tax

Revision of light vehicle tax

• Reduced tax rates of light vehicle tax is going to be introduced for four-wheel vehicles, etc. newly acquired during FY 2015, with a certain level of environmental performance according to fuel efficiency.

(e.g.) Private four-wheel light vehicles

•Electric vehicles, etc.: Reduction of about 75%; Vehicles compliant +20% compared to 2020 FES: Reduction of about 50%; Vehicles compliant with 2020 FES: Reduction of about 25%

※These special provisions is going to be revised together with automobile tax on clean and energy efficient vehicles (tax reduction) when taxation based on environmental performance is introduced in automobile tax and light vehicle tax.

Chapter 3

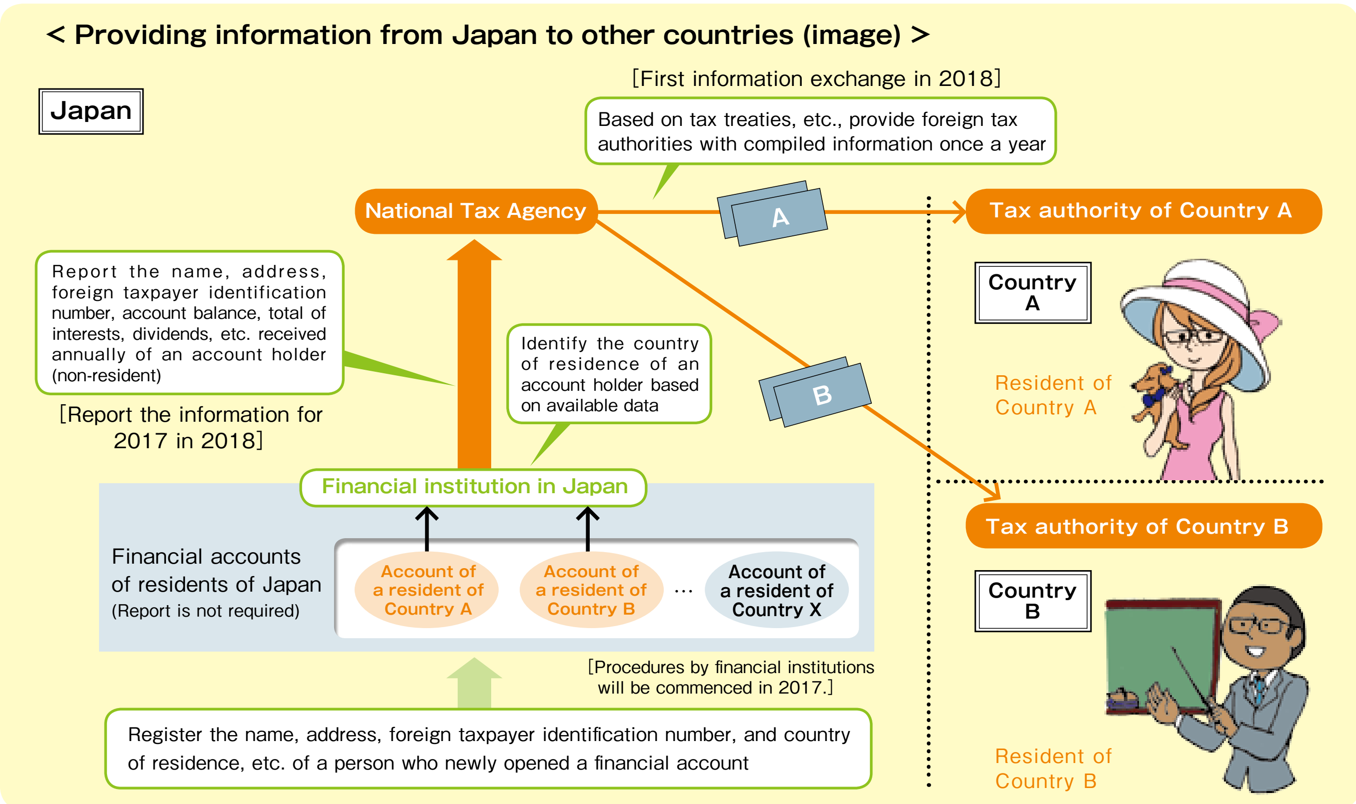
International Taxation

(1) Revision of foreign dividend exclusion system

From the perspective of preventing international double non-taxation, dividends included in deductible expenses at foreign subsidiaries are to be excluded from the scope of foreign dividend exclusion system (to be applied for the business years starting on or after April 1, 2016, in principle).

(2) Implementation of information reporting system regarding financial accounts held by non-residents

In order to automatically exchange information on financial accounts with tax authorities of respective countries based on tax treaties, etc., a system will be implemented to require financial institutions to submit information on financial accounts held by non-residents (individuals or corporations, etc. of treaty partner countries). Financial institutions are required to commence necessary procedures in 2017 and make the first report in 2018.



※Whereas Japan provides information to foreign countries, the foreign countries provide Japan with information on financial accounts of residents of Japan held by financial institutions in such countries.

Chapter 4

Development of the Environment for Tax Payment

(1) Obligation to attach documents for deduction for dependents residing overseas

From the perspective of properly applying deduction for dependents residing overseas, eligible taxpayers will be obliged to attach documents relating to their relationship, etc. when filing income tax returns for 2016 onward.

- A document to prove that the relevant person is a relative of the taxpayer (a copy of a certification of address history ("Fuhyo") attached to a family register ("Koseki"), birth certificate, etc.)
- A document to prove that the taxpayer has made a payment for living expenses of his/her relative (written request for remittance, credit card statement, etc.)

Reference **Promotion of efficient use of information on deposit and savings accounts with "my number"**

From the perspective of efficiently using information on deposit and savings accounts with "my number" in taxation procedures, banks, etc. will be obliged to manage such information so it is searchable using "my numbers "(come into effect as of the date specified by Cabinet Order within three years from the date of the promulgation of the acts for partial revisions of the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure, etc.).

※Draft revisions of the Act are now under deliberation in the Diet (as of March 31, 2015).

"My number"
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(2) Revision of the detailed statement of assets and liabilities

From the perspective of ensuring appropriate filing of income tax returns and inheritance tax returns, the current detailed statement of assets and liabilities is revised as follows to a new statement of assets and liabilities (this will also be utilized for special provisions for taxation on capital gains at the time of moving out from Japan).

● The current submission criteria (income exceeding 20 million yen) is revised to "income exceeding 20 million yen" and "total assets exceeding 300 million yen or securities, etc.(*) exceeding 100 million yen (as of December 31)."

※The securities, etc. here are the same as the assets covered by special provisions for taxation on capital gains at the time of move from Japan.

● The items that should be indicated in the statement are revised and it is newly required to state the details of the assets at market prices (or estimated values).

※From the perspective of utilizing the data for special provisions for taxation on capital gains at the time of move from Japan, acquisition cost of securities, etc. should also be stated.

● Incentive measures through increase and decrease of additional taxes are introduced.

※In case of failure to properly file income tax returns or inheritance tax returns,

- additional tax for understatement (or failure to file) regarding income tax or inheritance tax is reduced by 5% for the part stated in the statement of assets and liabilities, and
- additional tax for understatement (or failure to file) regarding income tax is increased by 5% for failure to submit a statement of assets and liabilities or for improper statement.

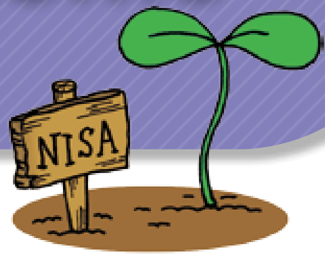
● This is applicable to statements of assets and liabilities to be submitted on or after January 1, 2016.

The Ministry of Finance Japan website has a variety of information available about tax policy. Please visit our site for more information.

http://www.mof.go.jp

Chapter 5

Individual Income Taxation



(1) Expansion of NISA (tax exemption for dividends and capital gains arising from small investments in listed shares, etc. managed in special tax exempt accounts)

- Raise the maximum amount of the annual investment from 1 million yen to **¥1.2 million** in 2016 (cumulative amount: **¥6 million**)
- Create Junior NISA for the purpose of expanding the investor base to include younger generations, etc.

Outline of Junior NISA

Tax exemption coverage: Dividends and capital gains arising from small investments in listed shares, etc. in Junior NISA accounts opened by a person under the age of 20

Annual investment limit: **¥800,000**

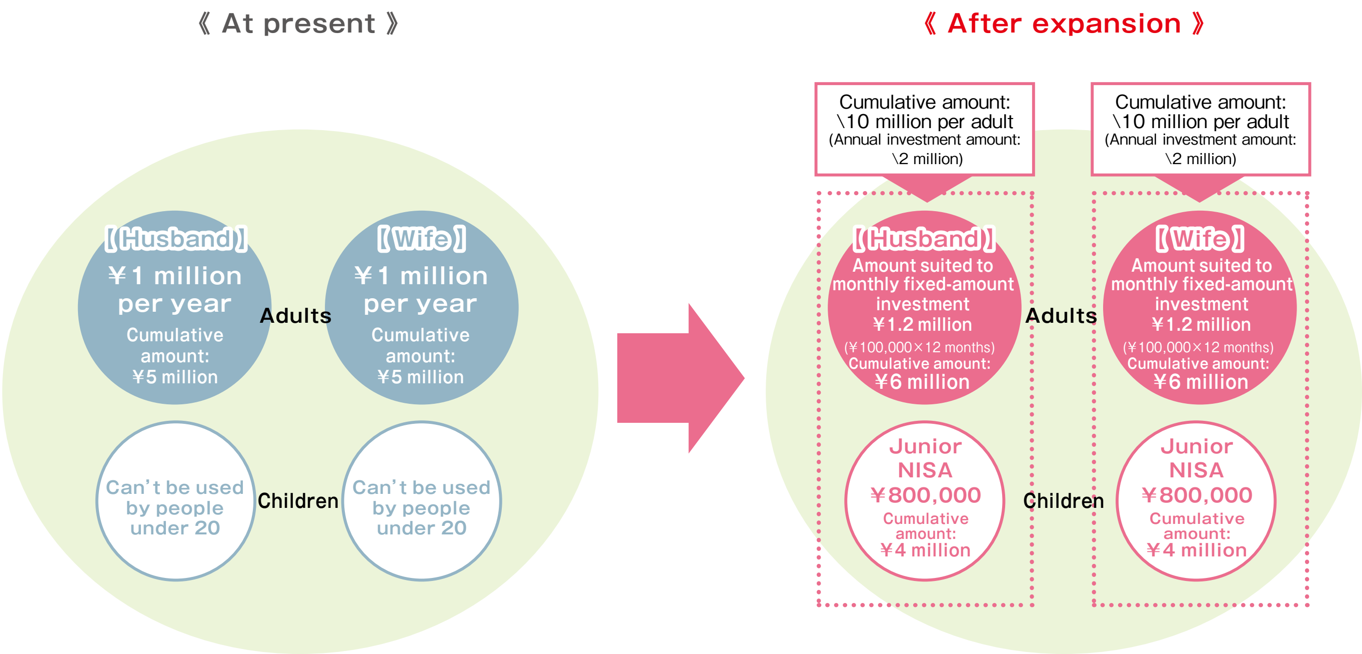
Tax exemption investment limit: Up to **¥4 million (¥800,000 per year × 5 years)**

Effective period of the Junior NISA account: 8 years from 2016 to 2023

Tax exemption period: Up to 5 years

Management: Investments are to be made by proxy of a person with parental authority, or directly but with under the consent of such person. Withdrawal is not permitted in principle until the account holder becomes 18 years old.

※The investment limit is significantly expanded through the expansion of NISA and the introduction of the Junior NISA.



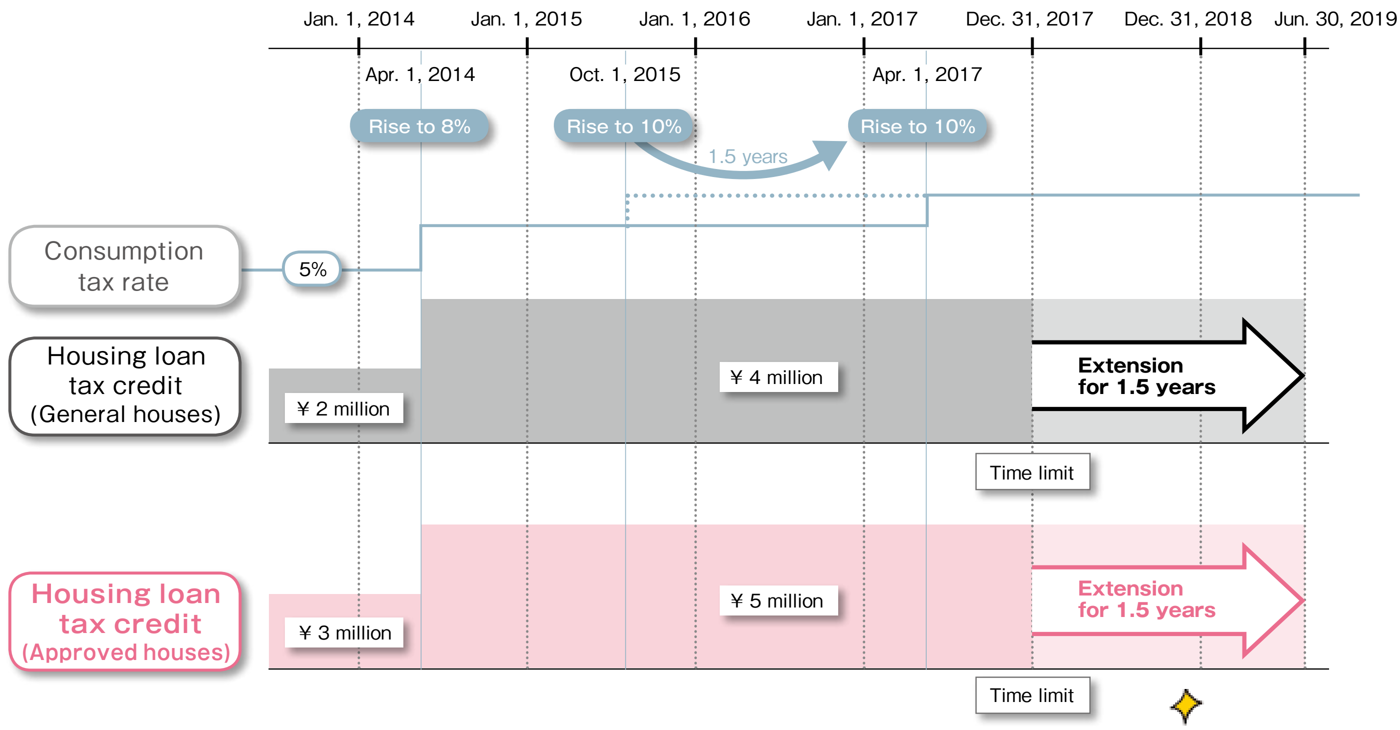
(2) Introduction of special provisions for taxation on capital gains at the time of moving out from Japan

- Under tax treaty, the country of which a seller of shares, etc. is a resident has the right to tax on the relevant capital gains. As such, it is possible for a person who has shares with a large amount of latent profits to avoid being taxed by, for example, moving out from Japan while holding such shares to a country where capital gains are not taxed and selling them when the person is a resident of such country.
- Therefore, special provisions for taxation on unrealized capital gains upon departure from Japan are put into force, targeting certain persons with a large amount of property(※) who move out from Japan in or after July 2015.

  ※Persons who have securities, etc. with a value of \100 million or more at the time of move from Japan and, in principle, have been residents over five years within the last ten years prior to the date of departure from Japan.
- In consideration of the possibility that the relevant persons do not have sufficient funds for paying taxes, they are permitted to request deferral of tax payment for up to ten years.

(3) Extension of the application period for housing loan tax credit, etc.

The application period for housing loan tax credit, etc., which was scheduled to expire at the end of 2017, is extended by one year and six months until the end of June 2019, in line with the change in the date of the consumption tax rate increase to 10%.

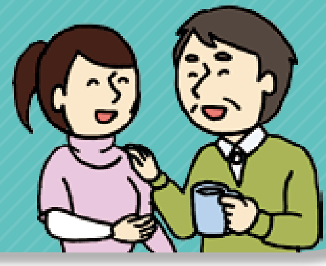


※The application periods are also extended for special provisions for housing loan tax credit for individual inhabitant tax and those for disaster victims, etc.

※The same applies for the housing benefit and housing reconstruction benefit.

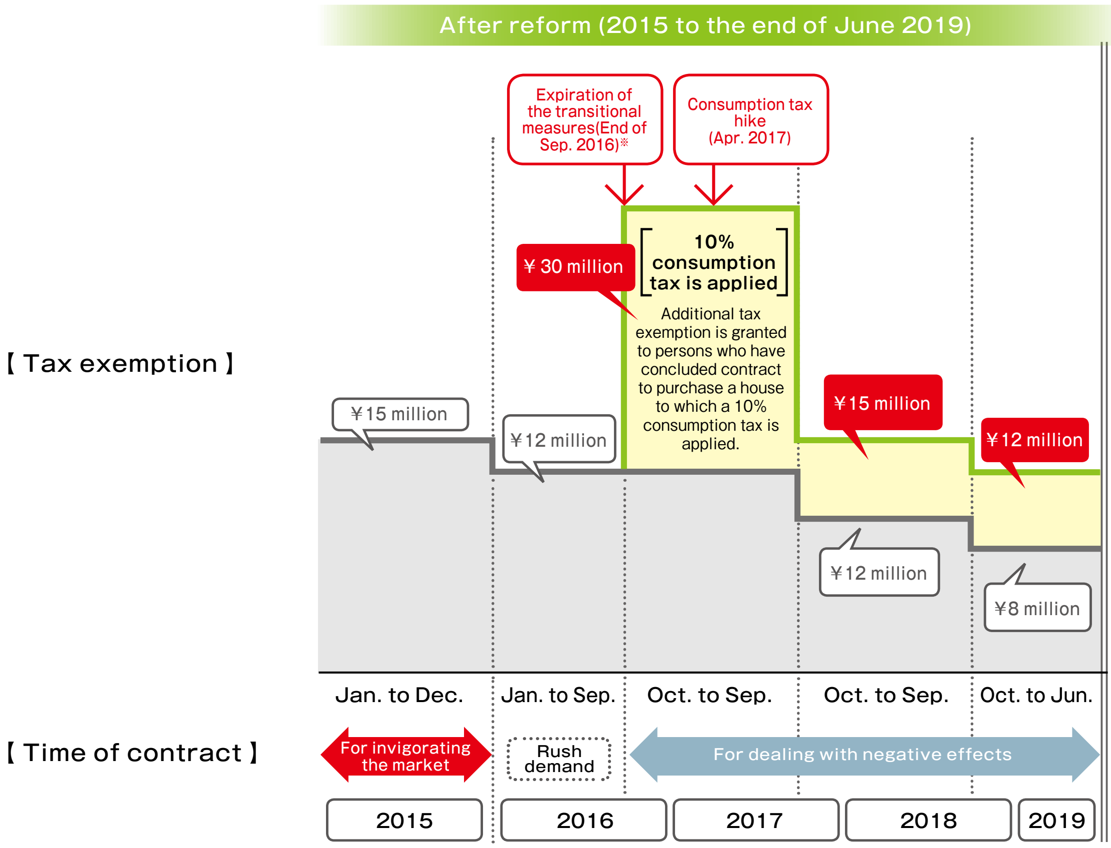
Chapter 6

Property Taxation



(1) Extension and expansion of gift tax exemption related to funds for housing acquisition, etc.

The period for applying tax exemption in relation to funds for housing acquisition, etc. is extended until June 30, 2019, and the exemption amount is increased to a maximum of **¥30 million**, tThis measure aims to facilitate early transfer of assets of parents or grandparents in order to invigorating the current housing market, and also to even out the demand around the period consumption tax hike to 10%.



※As the transitional measure for the consumption tax hike, the former tax rate (8%) is applied when contracts are concluded by the end of September 2016 even though the delivery comes after April 2017.

(Note 1) The above figures show tax exemption in relation to the acquisition of high-quality houses (earthquake-proof, eco-friendly houses). From 2015, barrier-free houses are newly included in the scope of high-quality houses and the requirements for eco-friendly houses are revised (addition of houses rated as primary energy consumption level 4).

(Note 2) Tax exemption for general houses other than the high-quality houses is 5 million yen less than that for those houses.
(e.g.)25 million yen tax exemption is applied to a person who concluded a contract to purchase the general house to which a 10% consumption tax is applied, for the period from October 2016 to September 2017.

(Note 3) Before the tax reform, the applicable tax exemption was determined by the time of receiving a gift, while after the tax reform, it is determined by the time of concluding a contract to purchase a house. However, when receiving a gift in or after January 2015, tax exemption of 15 million yen is applied even though it was concluded in or before 2014.

(Note 4) Tax exemption for victims of the Great East Japan Earthquake (15 million yen for high-quality houses and 10 million yen for general houses) is continued until the end of June 2019. However, tax exemption for purchasers of houses to which 10% consumption tax is applied, for the period from October 2016 to September 2017, is 30 million yen for high-quality houses and 25 million yen for general houses.

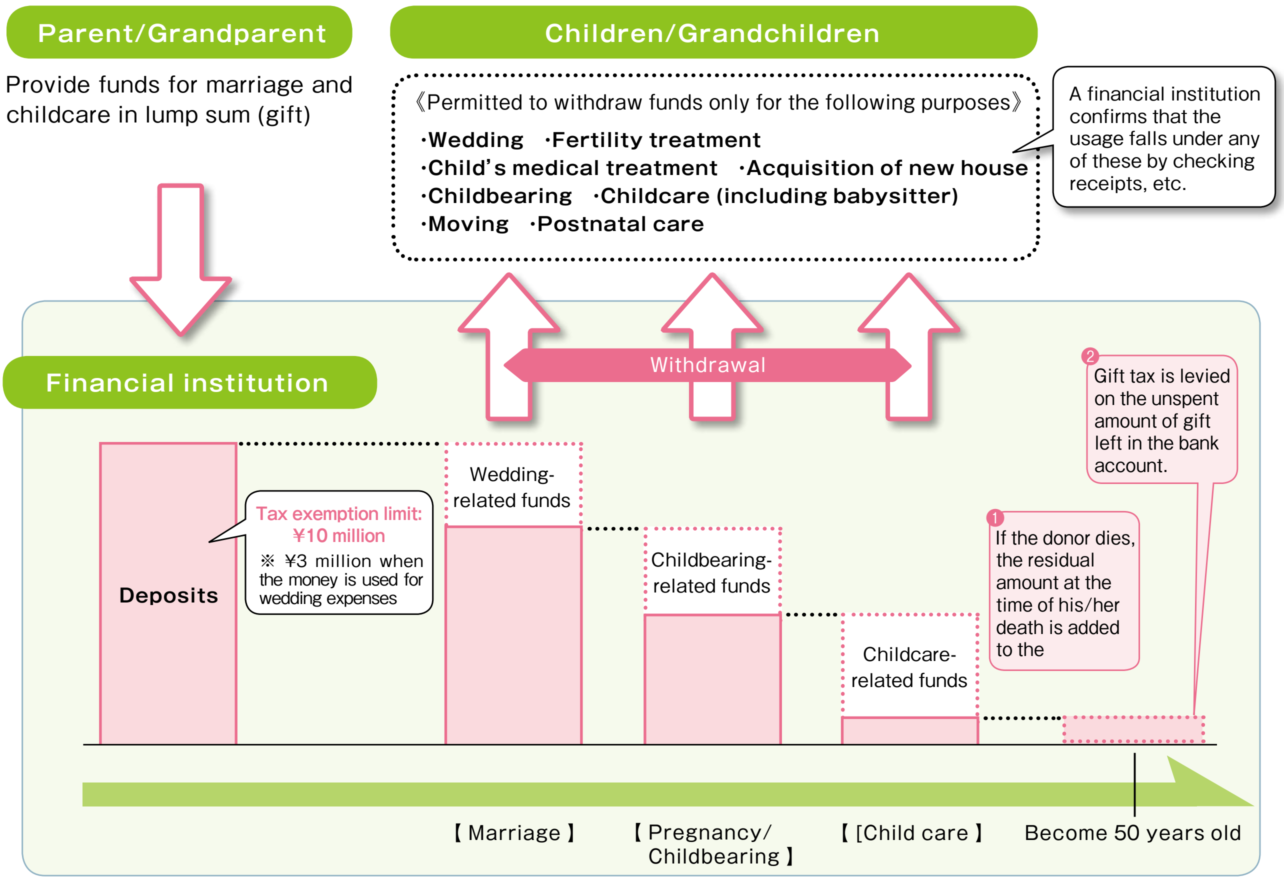
(Note 5) Special provisions for taxation system for settlement at the time of inheritance in relation to funds for housing acquisition, etc. (this taxation system is also applicable to a donor younger than 60) also remain effective until the end of June 2019.

(2) Creation of a gift tax exemption measure for one-time cash gift related to marriage and childcare

A tax exemption measure for people giving one-time cash gifts to children and grandchildren is created in order to support marriage and childbearing and caring through or early transfer of assets from elderly to younger generation. Tax exemption on lump sum gifts is introduced in order to enable parents and grandparents to support marriage, childbearing, and childcare of their children and grandchildren through facilitating early transfer of their assets.

Outline of the system

- Parents or grandparents (donor) open a bank account under the name of his/her child or grandchild (donee aged 20 or older but younger than 50) and provide funds for their marriage and childcare as a one-time cash gift. Tax measure is **¥10 million** for per donee.
- In order to prevent avoidance of inheritance tax, the residual amount at the time of the death of the donor is added to the inherited property.
- The opened bank account is closed on the day on which the relevant donee becomes 50 years old. Gift tax is levied on the unspent amount of gift left in the bank account.
- This measure is applicable from April 1, 2015, to March 31, 2019.



Reference: Estimated tax increase and decrease through the FY2015 Japan Tax Reform (Re. domestic taxes)

(billion yen)

Revised point	Full year basis	First fiscal year
1.Corporate taxation		
(1) Reduction of the corporation tax rate	-669	-457
(2) Expansion of tax system for promoting expansion of income	-34	–
(3) Expansion of the tax credit for the special experiment and research expenses in the R&D tax system (based on total amount of experiment and research expenses)	-30	-23
(4) Revision of the deduction of loss carried-forward	397 (192)	163
(5) Revision of exclusion of dividends received, etc. from gross profits	92	71
(6) Revision of special tax measures	179	141
(7) Creation of a tax system for strengthening local business facilities	-10	-2
Corporate taxation: Total	-75	-107
2. Individual income taxation		
(1) Creation of Junior NISA	-15	–
(2) Increase of the maximum amount of the annual investment in NISA	-5	0
(3) Expansion of the Defined Contribution Pension Plan	-2	–
Individual income taxation: Total	-22	0
3. Consumption taxation		
(1) Revision of the scope of tax reduction or exemption for eco-friendly cars with regard to motor vehicle tonnage tax	-19	-17
(2) Revision of consumption taxation on cross-border supplies of services	7	1
(3) Abolition of preferential tax treatment for former third class cigarettes	1	–
Consumption taxation: Total	-11	-16
Total	-108	- 123

(Note 1) The figures above are rounded off to the nearest one billion yen.

(Note 2) Regarding "1. (4) Revision of the deduction of loss carried-forward," estimated tax increase on a full year basis is the estimated increase due to the revision applicable to business years starting on or after April 1 2017, and the figure in parentheses is the estimated increase due to the revision applicable to business years starting between April 1, 2015, and March 31, 2017.

(Note 3) The figures for "1. (6) Revision of special tax measures" include the estimated tax increase due to revision of R&D tax system (114 billion yen on a full year basis and 91 billion yen for the first fiscal year), due to abolition of the tax system to promote investment in facilities to improve productivity (33 billion and 25 billion yen (id.)), due to abolition of immediate depreciation of photovoltaic power generation facilities (19 billion yen and 14 billion yen (id.)), and revision of special provisions for taxation upon replacement of specified assets (13 billion yen and 11 billion yen (id.)), as well as temporary increases due to a change in the timing of recording profits and losses.

(Note 4) The figures for "3. (1) Revision of the scope of tax reduction or exemption for eco-friendly cars with regard to motor vehicle tonnage tax" are the estimated tax decrease due to transfer to the FY2020 Fuel Efficiency Standards. Additionally, estimated decreases in special accounts are 13 billion yen on a full year basis and 11.7 billion yen for the first fiscal year.

(Note 5) An increase in special accounts due to abolition of preferential tax treatment for former third class cigarettes is estimated to be 0.2 billion yen on a full year basis.