

Remove bottlenecks caused by the taxation system

	Current Situation	Response
Corporate tax (For Asset management firms)	<p style="text-align: center;">30%</p> Performance-based compensation of directors Listed companies : deductible Unlisted companies : not deductible	An unlisted, non-family company including a 100% subsidiary of a listed company which mainly operates asset management businesses should be able to deduct its performance-based compensation with a number of conditions, including where the calculation methods are described in its business reports filed under the Financial Instruments and Exchange Act and disclosed publicly through the JFSA website.
Inheritance tax (For heirs of foreign residents in Japan)	<p style="text-align: center;">0~55%</p> Living for 10 years or longer in Japan ---tax on worldwide assets Living less than 10 years ---tax on only assets in Japan	Assets outside of Japan that a foreign national who entered Japan with a valid working visa should be exempt from Japanese inheritance tax regardless of their years of residence in Japan when the heir is non-resident receives the assets.
Income tax (For fund managers)	<p style="text-align: center;">0~55%</p> Carried interests --- distribution allocated returns in excess of their capital contribution ratio → Unclear whether it is a capital gain or not	When a profit distribution of a carried interest has an economic rationality, that profit should be taxed as a capital gain tax (20%).

* Also, foreign investors who invest in a LPS through a feeder fund which has a 25% or more equity share of the LPS should be treated as having no PE attributable income in Japan with a number of conditions including where a LP has less than a 25% equity to the LPS.

【Economic Policy (excerpt)】

- ...will remove regulatory/taxation bottlenecks and work on initiatives to increase the financial capital market and improve corporate governance so that foreign business operators (both entities and professionals) with a proven track record can do their business smoothly in Japan.