Comprehensive Special Zones

Concentration of National and Regional Policy Resources in Special Zones with High Potential for Realizing Pioneering Initiatives

- ✓ Tailor-made, integrated support for comprehensive and strategic challenges in selected regions (regulatory exceptions, tax, fiscal and financial measures)
- ✓ Promoted by using the “National and Local Councils” established in each Comprehensive Special Zone (CSZ) in order to promote collaborative projects between national and regional authorities.

Two types of CSZ:

For International Competitiveness

Formation of industry clusters to serve as economic growth engines

- Environment & next-generation energy
- Agriculture
- R&D
- International ports

- Biotechnology & life science
- Business bases In Asia
- International distribution
- MICE

For Local Revitalization

Enhancement of regional competitiveness through local revitalization initiatives driven by maximum utilization of regional resources

- Environment & next-generation energy
- Education & child rearing
- Financial & social businesses
- Medical care, nursing care, health

- Tourism & culture
- Agriculture
- Biomass
- Distribution & transportation

Special Measures & Support Measures

Regulatory Exceptions

- ✓ Implementation of special measures in limited zones with responsibility of local government
  ⇒ Breakthroughs for full-fledged development of lifestyle innovation, green innovation and other progress.
- ✓ Prefectural or Municipal ordinance will come to determine matters concerning regional public affairs currently provided for Cabinet Order and Ministerial Ordinance
  ⇒ Breakthroughs for initiative accelerating reforms in regional authorities.

Tax Support

For International Competitiveness

- ✓ Corporate tax reductions (selections from investment tax credits, specially recognized depreciation, and taxable income deductions)
  ⇒ Formation of industry cluster bases for international competitiveness

For Local Revitalization

- ✓ Taxable income deductions for private investors targeting the relevant regional projects for local revitalization.
  ⇒ Concentrating investment by ambitious local capital in the “New Public Commons.”

Fiscal Support

- ✓ High-priority use of relevant ministerial budgets. Flexible distribution of coordination cost for development of Comprehensive Special Zone (2013 budget : ¥12.4 billion)

Financial Support

- ✓ Interest-rate subsidy system (within 0.7% for 5 years) (2013 budget : ¥290 million)

Tax System Revisions

For International Competitiveness Development (Corporate Tax)

~ Selected Application of the Following Measures ~

✓ Investment Tax Credits or Specially-Recognized Depreciation

In the case that the firms acquired the machinery, buildings and any other equipment for relevant projects within CSZ, and then actually supplied for use in those projects, the firms concerned can be qualified for special treatment: specially recognized depreciation and tax credits.

- Specially recognized deprecation ratio: 50% of acquisition price (25% for buildings.)
- Tax deduction ratio: 15% of acquisition price (8% for buildings.) , Maximum deduction surplus carryover: 1 year
- Deadline of designation of business operator and equipment acquisition: March 31, 2014

✓ Deductions from Taxable Income

In the case that the firms implement the relevant projects applied regulatory exceptions adopted in CSZ, the firms concerned can be qualified for special treatment: 20% of the earnings from the relevant projects to be deducted from taxable income.

- Applicable period: 5 years from business designation date
- Deadline of designation of business operator : March 31, 2014
- Designation of Comprehensive Special Zones for International Competitiveness Development will be strictly limited to a small number.
- Local government will also implement measures with the purpose of reducing the economic burdens of parties engaging in the relevant businesses (local tax reduction and exemption, granting of subsidies, etc.)

For Local Revitalization (Income Tax)

✓ Taxable Income Deductions for Equity Investment

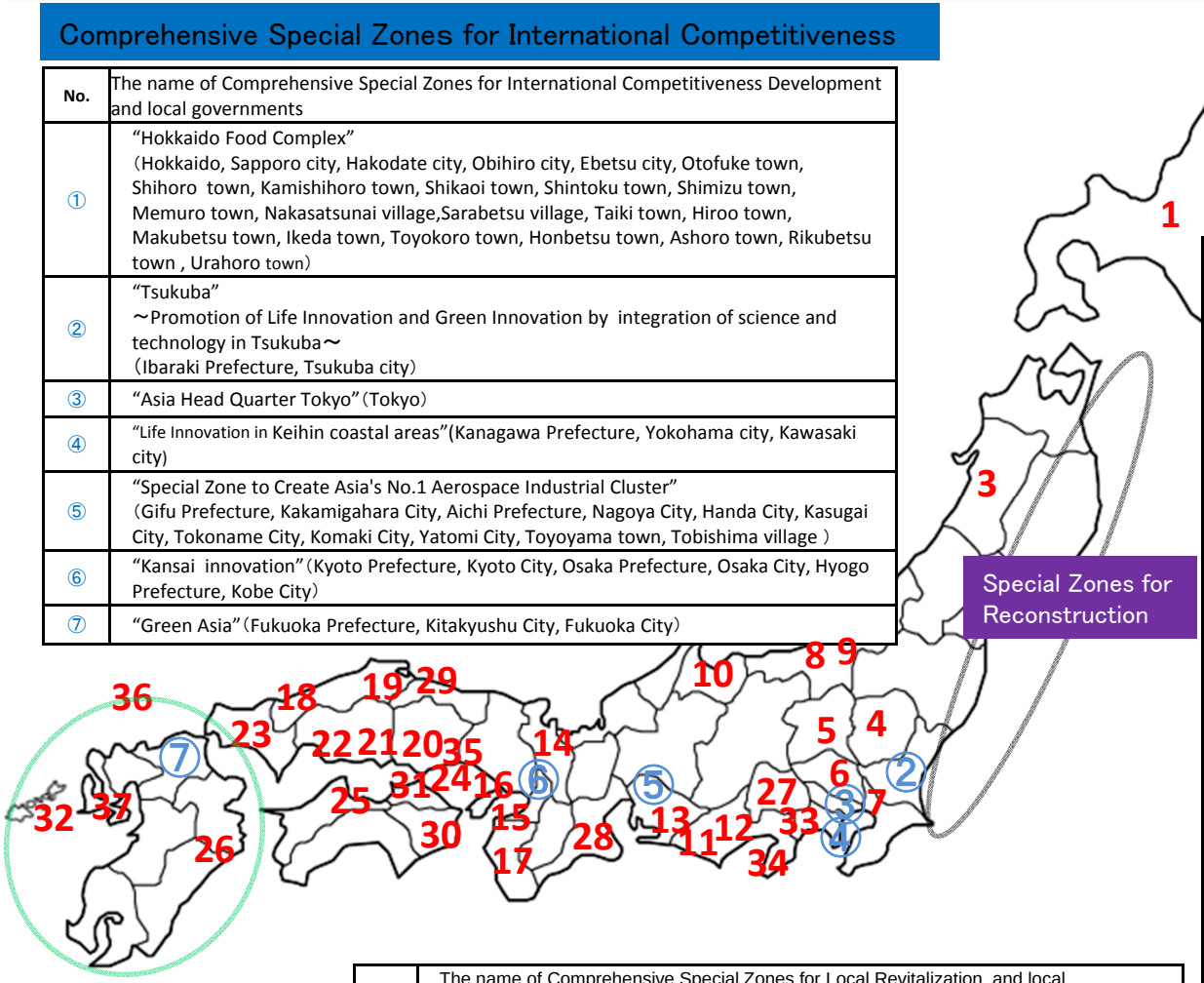
In the case that the individual invests in small- and medium-size enterprises that will conduct relevant projects contributing to the resolution of regional issues, the individuals concerned can be qualified for special treatment: prescribed amount to be deducted from the aggregate value of the income of the aforementioned individual for the year in which the investment was made.

- Targets consist of companies for which less than 3 years have elapsed since designation in Comprehensive Special Zones (Designation deadline: March 31, 2014).
- Targets consist of companies with operating profits equaling no more than 2% of the sales from the previous year.

Comprehensive Special Zones Designated Area

Comprehensive Special Zones for International Competitiveness

No.	The name of Comprehensive Special Zones for International Competitiveness Development and local governments
①	"Hokkaido Food Complex" (Hokkaido, Sapporo city, Hakodate city, Obihiro city, Ebetsu city, Otofuke town, Shihoro town, Kamishihoro town, Shikaoi town, Shintoku town, Shimizu town, Memuro town, Nakasatsunai village,Sarabetsu village, Taiki town, Hiroo town, Makubetsu town, Ikeda town, Toyokoro town, Honbetsu town, Ashoro town, Rikubetsu town , Urahoro town)
②	"Tsukuba" ～Promotion of Life Innovation and Green Innovation by integration of science and technology in Tsukuba～ (Ibaraki Prefecture, Tsukuba city)
③	"Asia Head Quarter Tokyo"(Tokyo)
④	"Life Innovation in Keihin coastal areas"(Kanagawa Prefecture, Yokohama city, Kawasaki city)
⑤	"Special Zone to Create Asia's No.1 Aerospace Industrial Cluster" (Gifu Prefecture, Kakamigahara City, Aichi Prefecture, Nagoya City, Handa City, Kasugai City, Tokoname City, Komaki City, Yatomi City, Toyoyama town, Tobishima village)
⑥	"Kansai innovation"(Kyoto Prefecture, Kyoto City, Osaka Prefecture, Osaka City, Hyogo Prefecture, Kobe City)
⑦	"Green Asia"(Fukuoka Prefecture, Kitakyushu City, Fukuoka City)



No	The name of Comprehensive Special Zones for Local Revitalization and local governments
33	"Sagami Robot Industry" Kanagawa Prefecture)
34	Create Regional Growth Model in Disaster Prevention and Disaster Mitigation in "Fujinokuni"(Shizuoka Prefecture)
35	"Okayama New Health Care Style Special Zone"(Okayama city)
36	"Island of Tourism in Kyushu –Asia"(Fukuoka Prefecture, Saga Prefecture, Nagasaki Prefecture, Kumamoto Prefecture, Oita Prefecture, Miyazaki Prefecture, Kagoshima Prefecture, Fukuoka city)
37	"Base of Marine and Environmental Industry in Nagasaki"(Nagasaki Prefecture, Nagasaki city, Sasebo city, Saikai city)

Comprehensive Special Zones for Local Revitalization

No	The name of Comprehensive Special Zones for Local Revitalization and local governments
1	"Sapporo Contents" (Sapporo city)
2	Comprehensive forest industry(Shimokawa town)
3	Recycling of rare metals (Akita Prefecture)
4	Creation of renewable energy business model From Tochigi (Tochigi Prefecture)
5	Promotion of Eco-harmonized livestock Industry by using of the High efficient livestock biomass energy , Carbide and Ashing(Gunma Prefecture)
6	Next-generation automobiles and Smart Energy(Saitama City)
7	Autonomous city management by public-private-academic partnership in "Kashiwanoha Campus" (Kashiwa City)
8	Creation of autonomous community aimed at realizing sustainable development in hilly and mountainous areas (Nagaoka CIty)
9	"Smart Wellness City" Creating the Healthy and happy Long-lived society (Date City,Niigata City, Sanjo City, Mitsuke City, Gifu City, Takaishi City, Toyooka City)
10	Promotion of coexistence welfare society in Toyama(Toyama Prefecture)
11	Promotion of advanced medical in "Fujinokuni"(Shizuoka Prefecture)
12	New manufacturing area for the future"(Hamamatsu City)
13	Creation of the next-generation energy and mobility(Toyota City)
14	"Local revitalization in Kyoto" People gather from all over the world by the source of rich cultural and natural. And meet the "real" ～Give the impression to the 50 million urban～(Kyoto Prefecture, Kyoto City)
15	Making bases of international medical exchanges in "Izumisano region-Rinku" (Osaka Prefecture, Izumisano City)
16	"Awaji Island in the future environment" (Hyogo Prefecture, Sumoto Cuty, Minamiawaji City, Awaji CIty)
17	"Koya and Kumano in Wakayama " Culture and regional development(Wakayama Prefecture)
18	Association of the forest and the village and the sea "Concept of home In Takatsu basin" (Regional union office district municipality area Masuda)
19	"Satoyama playback of Tatara"(Challenge of regional revitalization by citizens utilizing the Satoyama In hilly and mountainous areas)(Unnan City)
20	Hyper & Green Innovation in "Mizushima industrial complex"(Okayama Prefecture)
21	Promotion the creation of model city of environment and tourism(Hiroshima Prefecture)
22	Promotion of regional medical cooperation in "Onomichi"(Hiroshima Prefecture)
23	Establish a next-generation structure of agricultural production(Yamaguchi Prefecture, Hikari CIty, Yanai City, Tabuse towm)
24	Medical and welfare in "Kagawa"(Kagawa Prefecture)
25	City of agricultural innovation in "Saijo"(Saijo City)
26	Medical Valley initiative in "East of Kyushu" (Making medical industry base with a focus on blood and blood vessel health) (Oita Prefecture, Miyazaki Prefecture)
27	Construction Interactional Sextiary Sector with Competitiveness and Sustainability(Minami-Alps City)
28	Life Innovation "Mie"(Mie prefecture)
29	Create Next-Generation Social Model from Tottori(Tottori Prefecture)
30	Activation of Leading Regional Health Care(Tokushima Prefecture)
31	Takamatsu Compact Eco City with Central City area and Rural area Working Together(Takamatsu City)
32	Revitalization of "Goto Islands" by Camellia(Goto City, Sin Kami Goto Town, Nagasaki Prefecture)