

# Incentive System

## We Provide Financial Support to Companies that Establish Operations in Hokkaido

### Incentives offered by the Hokkaido Government

**Subsidies** Subsidies for buildings, machinery, equipment, etc. (As described in "Subsidy programs based on the Hokkaido Industry Promotion Ordinance" on the right)

#### Taxation Systems to Strengthen Regional Businesses

Office tax reductions, special taxation measures to stimulate employment, loan guarantees from SME Support, differential taxation for prefectural taxes (business taxes, real estate acquisition taxes and fixed asset taxes) (according to "Taxation Systems to Strengthen Regional Business" on p30)

**Tax Benefits** Exemptions or reductions of business taxes, real estate acquisition taxes and prefectural fixed asset taxes (Only in areas designated by regional development laws.)

#### Loans

Low-interest Loans for Equipment Investment  
 • Funding specific to various life stages from the Hokkaido Small and Medium Enterprise Promotion Fund (step loans (business location))  
 • Intended for the establishment or expansion of businesses in the industries covered in "Subsidy programs based on the Hokkaido Industry Promotion Ordinance" on the right

### Incentives offered by the national government

**Subsidies** Regional employment development incentives, etc  
**Tax Benefits** Tax benefits system to strengthen business for small and medium enterprises (special reductions or tax credits)

**Electricity subsidies** Subsidies for Enterprises Established in Areas Surrounding the Nuclear Power Plant (F Subsidy)  
 Target areas: Tomari, Kamoenai, Iwanai, Kyowa

### Incentives Offered by Municipal Governments

**Subsidies** Investment subsidies  
 Additional employment subsidies  
 Subsidies equivalent to the amount of fixed asset tax (Or a certain percentage), etc

**Tax Benefits** Exemptions or reductions of fixed asset taxes, city planning taxes, special land holding taxes, etc

**Loans** Low-interest loans for equipment funds, operating funds, etc  
 \*The above support system is an example only. Support systems vary for each municipal government. Please contact the relevant municipal government for details on target areas and conditions.

### Incentives offered by Government Financial Institutions

• Development Bank of Japan Inc. (Equipment funds, etc.)

• Japan Finance Corporation (JFC) (Equipment funds, long-term operating funds)

**Funds for building, machinery, equipment, land acquisition, operating funds, etc**

\*Contact the relevant municipal government offices or other organizations for more details on target areas and industries that are eligible for incentives.

## Act for the Promotion of Investment in the Future of Regional Areas

### Support Measures under the Act for the Promotion of Investment in the Future of Regional Areas

Basic plans for some regions have been created according to the Act for the Promotion of Investment in the Future of Regional Areas, with approval from the Japanese government. Businesses in these regions that are deemed to be a "local characteristic" or "economically effective" in these basic plans can create a Business Plan to Drive the Local Economy and submit it to the governor, and receive various benefits if the plan is approved.

Contact Information: Industrial Promotion Division, Bureau of Industrial Promotion, Department of Economic Affairs, Hokkaido Government Phone: 011-204-5328 (Dial-in line)

\*Please inquire early, as the plan needs to be approved before acquiring land and beginning construction.

### Major Support Systems under the Act for the Promotion of Investment in the Future of Regional Areas

#### <National Budget-based Support Measures>

○Cooperation support for core local businesses and small and medium enterprises  
 •Integral support ranging from research and development to facility investment and creation of sales routes

#### <Tax-based Support Measures>

○Tax reductions for facility investments required for advanced businesses  
 •Machinery, devices, etc.: 40% special reduction, 4% tax credit  
 •Buildings, etc.: 20% special reduction, 2% tax credit  
 ○Reductions in local tax  
 •Exemption from real estate acquisition tax (prefectural tax: land used for buildings and grounds of approved facilities that will drive the local economy)

•Reduction of fixed asset tax (Municipal tax: availability and amounts vary by municipality)

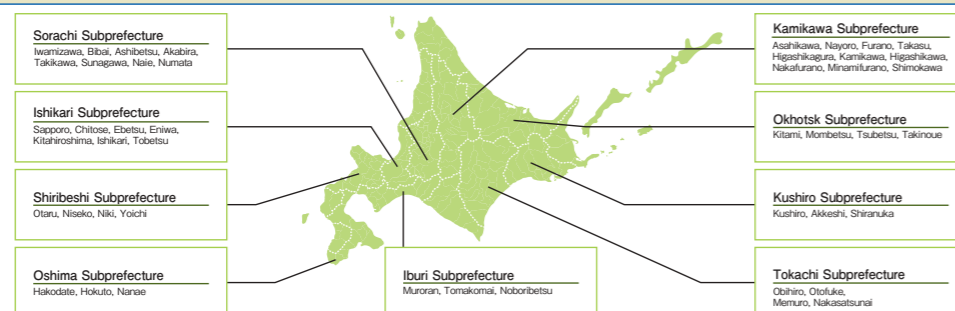
#### <Funding-based Support Measures>

○Facility funding for approved small and medium enterprises and long-term (20- or 7-year) fixed-interest loan for operating funds by Japan Finance Corporation (JFC)  
 ○Fund creation and use by Regional Economy Vitalization Corporation of Japan (REVIC), Organization for Small & Medium Enterprises and Regional Innovation, Japan, etc.

\*Tax benefits eligibility requirements vary depending on the system.

For more information, contact the appropriate organization.

### Regions Eligible for Creation of a Basic Plan under the Act for the Promotion of Investment in the Future of Regional Areas (as of April 2018)



## Subsidy Programs to Promote Establishment of Businesses Based on the Hokkaido Industry Promotion Ordinance

Subsidies based on the Ordinance for the Promotion of Business Establishment and Strengthening of Competitive Power of Small and Medium Enterprises for Upturn of Hokkaido's Economic Structure (common name Hokkaido Industry Promotion Ordinance) are as follows. (Established April 1, 2008)

(as of April 1, 2018)

Type	Field	Target Industry (Business)	Target Areas	New Expansion	Conditions • Investment Amount • Additional Employment	Subsidy			
						Amount	Maximum Amount	Total Maximum Amount	
Type I	Growth Industries	Automobile-related Manufacturing Aircraft-related Manufacturing <sup>3)</sup> Highly Functional and Compound Materials-related Manufacturing <sup>3)</sup>	Throughout Hokkaido (Excluding Sapporo) (For plant factories, this includes industrial complexes and suitable sites for factories (excluding Sapporo).)	New	500 million yen or more 20 or more persons	10% of total investment	1.5 billion yen <sup>8)</sup>	2 billion yen For same company	
		Expansion		5% of total investment		500 million yen			
		New		10% of total investment		1 billion yen <sup>8)</sup>			
		Expansion		5% of total investment		300 million yen	1.3 billion yen For same company		
		New Energy Supply *Must be eligible for support from municipal government		Throughout Hokkaido (Excluding Sapporo)	New	1 billion yen or more 1 or more persons	5% of total investment	100 million yen	—
		Data Center		Throughout Hokkaido (Excluding Sapporo) (For plant factories, this includes industrial complexes and suitable sites for factories (excluding Sapporo).)	New	General type 1 billion yen or more 5 or more persons Environmentally-friendly type <sup>5)</sup> 2 billion yen or more 5 or more persons	10% of total investment	General type 300 million yen Environmentally-friendly type 500 million yen	General type 450 million yen Environmentally-friendly type 750 million yen For same company
		Expansion			5% of total investment	General type 150 million yen Environmentally-friendly type 250 million yen			
		Key Technologies		Throughout Hokkaido	New	25 million yen or more 5 or more persons	10% of total investment	300 million yen	1.3 billion yen For same company
		Expansion			5% of total investment	—			
		Businesses relocating head office functions		Throughout Hokkaido	New	(No investment) 20 or more persons (30 or more persons in Sapporo)	1/2 of rent for 1 year x 3 years (1 year in Sapporo)	10 million yen per year	—
Type II	Development Base Facilities	Natural Science Institute (High-growth industries only)	Throughout Hokkaido	New	1 billion yen or more Researchers: 5 or more persons	10% of total investment	1 billion yen	1.3 billion yen For same company	
		Advanced Logistics Center *Businesses in high-growth industries only.	Throughout Hokkaido (Excluding Sapporo)	Expansion	500 million yen or more Researchers: 5 or more persons	5% of total investment	300 million yen		
				New	2 billion yen or more 20 or more persons	10% of total investment	1 billion yen		
Type II	Promotion of Collaboration with Municipal Governments	• Manufacturing • Natural Science Institute • Advanced Logistics Center • Data Center • Software Industries • Information Processing And Information Service Provider • Call Center • Plant Factory *Industries eligible for municipal subsidies for the establishment of new business facilities *Designated cluster industries in the case of areas where the Act on the Promotion of Establishment of Enterprises is applied	Specially designated areas <sup>4)</sup>	New Expansion	25 million yen or more 5 or more persons (can include increase in employment in facilities that conduct business together with subsidized facilities (up to 2 persons))	4% of total investment Only when a new business facility is established in a specially designated area under the Act on the Promotion of Establishment of Enterprises or Act for the Promotion of Investment in the Future of Regional Areas	100 million yen	Investment subsidy 300 million yen For same company	
			Areas Where the Act on the Promotion of Establishment of Enterprises or Act for the Promotion of Investment in the Future of Regional Areas is Applied (In the case of Sapporo City, this is limited to cases in which specially-approved business operators establish new business facilities) <sup>5)</sup>	New		500,000 yen per employee (For 6 or more employees, subsidy applies starting from the 6th person.)	50 million yen		
		Industrial complexes (excluding Sapporo). (Manufacturing and plant factories only.) (For plant factories, this includes industrial complexes and suitable sites for factories (excluding Sapporo).)	New	50 million yen or more 5 or more persons (can include increase in employment in facilities that conduct business together with subsidized facilities (up to 2 persons))	8% of total investment	100 million yen			
		Expansion	4% of total investment	—					

\*1 If a subsidy exceeds the investment amount, the subsidy amount shall be made equivalent to the investment amount.  
 \*2 Amounts will also be adjusted if a business is receiving other subsidies that exceed the Type I or Type II municipal subsidies for the establishment of new business facilities.  
 \*3 Subsidies may not be given in cases where it is judged that it will be difficult for the company to stay in business for reasons such as insolvency.  
 \*4 Approved businesses may receive one type of subsidy from either Type I or Type II for each establishment plan.  
 \*5 Only for businesses that are approved under Article 13-4 of the Act for the Promotion of Investment in the Future of Regional Areas and deemed particularly necessary by the governor (Businesses deemed to have a high economic wave and effect by an external panel).  
 \*6 "Specially designated areas" refers to suitable areas designated by regional development laws such as the Act on Promotion of Introduction of Industry into Agricultural Regions. See the included figure for details.  
 \*7 "Environmentally-friendly data centers" refers to data centers with facilities recognized by the governor to consume at least 20% less electricity for air conditioning facilities than a standard data center through the use of natural energy such as snow and ice or solar power.  
 \*8 Specially-approved business operators refers to new businesses that have received approval from the governor under the stipulations in Article 13-1 of the Act for the Promotion of Investment in the Future of Regional Areas and are judged by the governor to be of particularly great economic benefit.  
 \*9 Subsidies can be paid in installments over a period of up to 10 years.  
 \*10 A sliding scale is applied for the upper limit according to increases in employee numbers. This sliding scale is used to set the maximum amount according to the number of new employees.

Additional Employment	Automobile-related Manufacturing, Aircraft-related Manufacturing, Highly Functional and Compound Materials-related Manufacturing		Manufacturing of Electric and Electronic Equipment, Pharmaceutical Manufacturing	
	Maximum Amount	Additional Employment	Maximum Amount	Additional Employment
Between 20 and 50 persons	500 million yen	Between 20 and 50 persons	500 million yen	Between 20 and 50 persons
Between 50 and 100 persons	1 billion yen	50 or more persons	500 million yen	50 or more persons
100 or more persons	1.5 billion yen	—	1 billion yen	—