**Tax systems**

### <Main future efforts>

- **Tax systems to promote investment toward carbon neutrality**
  - Measure to apply a maximum of 10% tax deduction or 50% special depreciation for introduction of facilities described in (1) and (2) below based on a plan approval scheme under the Industrial Competitiveness Enhancement Act (for three years from the date of enforcement of the revised Act to the end of FY 2023).
  1. Introduction of production facilities for products with large decarbonization effect
  2. Introduction of facilities that realize both decarbonization and improved added value of production process, etc.

- **Special exception to raise the upper limit of tax deduction for loss carried forward**
  - For businesses with losses due to the effects of the new coronavirus, etc., if they make investments to meet the "new normal" including the realization of carbon neutrality, etc., based on a plan approval scheme under the Industrial Competitiveness Enhancement Act, the upper limit of tax deduction for loss carried forward will be raised from 50% to a maximum of 100% within the scope of the investment amount. (This applies to losses generated in the corona crisis. The period during which the maximum deduction limit will be increased is five business years at the longest.)

### <Examples of eligible facilities>

#### (1) Products with large decarbonization effect

- Power semiconductors with excellent power-saving performance
- Lithium-ion storage batteries for electric vehicles, etc.
- Fuel cells
- Main exclusive parts of offshore wind power generation facilities

#### (2) Facilities that realize both decarbonization and improved added value of production process, etc.

- State-of-the-art heat boiler facilities
  (Facilities that will considerably improve an index called “carbon productivity,” which aims to improve productivity and reduce CO₂ emissions at a place of business, etc.)

#### Expansion of R&D tax system

- For enterprises that are increasing experiment and research costs even though the amount of their sales is reduced by 2% or more compared to prior to the COVID-19 pandemic, the upper limit of R&D tax deduction will be raised from 25% to 30% of the amount of corporate tax.