

Japan to crack down on wealthy tax dodgers fleeing abroad

- 1) TOKYO -- Japan is considering taxing the capital gains on stocks and other financial assets held by residents moving overseas, part of an effort to prevent the super rich from escaping tax bills.
- 2) When Japanese residents sell stocks, capital gains are subject to a 20% tax, including income and residential taxes. But if they move abroad while owning stocks that have unrealized gains, they do not pay taxes to the Japanese government but to their new country when the stocks are sold. A growing number of Japanese are ducking payment by moving to places that do not tax capital gains, such as Singapore, Hong Kong and Switzerland.
- 3) France, Germany and Canada are among those nations that already tax unrealized capital gains when residents move abroad. Japan plans to adopt the same measures for those with financial assets of more than 100 million yen (\$927,000). About 100 people are expected to be subject to this levy each year.
- 4) Those moving abroad temporarily will not be taxed on unrealized capital gains as long as they notify the government and move back to Japan within the specified period. If they do not return by the deadline, the government intends to collect the tax through local authorities overseas.
- 5) The Finance Ministry presented the proposal to the government's tax commission on Tuesday. With some in the ruling Liberal Democratic Party are calling for swift action, the government hopes to include the new levy in a tax reform package for fiscal 2015, which the ruling coalition will draw up in December.
- 6) By closing a loophole that favors the wealthy, the government hopes to demonstrate the fairness of its tax policy before raising the consumption tax, a regressive tax that puts a disproportionate burden on low-income households.
- 7) Taxation of Japanese individuals living overseas has been a topic of debate in Japan since a wealthy taxpayer won a historic case in 2011. Japan's Supreme Court granted a ¥200 billion tax refund to Toshiki Takei, the son of



the founder of a consumer finance company. The court ruled that the Japanese government did not have the right to tax a gift of shares from his father in 1999 because Mr. Takei was a resident of Hong Kong at the time. 【Oct 22,2014/Nikkei ※7パラは Wall Street Journal より】

←Japan's government is considering imposing an 'exit tax' on wealthy individuals who fly off to foreign climes to take advantage of lower tax rates.

crack down on 厳しく取り締まる **dodger**:素早く身をかわす人 **capital gain**:資産売却益、株式譲渡益 **be subject to**:対象になる **unrealized gain**:含み益 **duck**:避ける、義務を怠る **levy**: (税金等の)徴収 **temporarily**:しばらくの間 **notify**:通知する **draw up**:作成する **loophole**:抜け穴 **favor**:ひいきする **regressive tax**:累退税、逆進税 **disproportionate**:均衡がとれない **clime**:地方、国、風土

☆Ice breaker for active discussion☆

1. How important are taxes?
2. What do you think are the reasons of having an increasing number of wealthy households in Japan?
3. What are the benefits of having healthy households for a country?
4. What do you think about the government's plan to impose 'exit taxes' to wealthy people fleeing the country?
5. What are the possible effects of imposing such rule?
6. What can you say about Mr. Takei's case?
7. Make sentences using the following words: dodge, capital gain, be subject to, levy, notify, draw up, loophole and favor.

野村総研は、純金融資産の保有額によって、5億円以上の超富裕層、1億円以上5億円未満の富裕層、5000万円以上1億円未満の準富裕層、3000万円以上5000万円未満のアップーマス層、3000万円未満のマス層の5つに日本の世帯を分類した。2013年時点で、超富裕層は5.4万世帯、富裕層は95.3万世帯と、合計すると100万世帯超えてリーマンショック以前の2007年の合計90.3万世帯を上回る。一部階層への富の集中は世界的に進んでいる。アメリカ連邦準備制度理事会のイエレン議長は、「上位5パーセントの富裕層に富の6割以上が集中している」と。アベノミクスは、大企業や富裕層が潤えば、次第に中小企業や国民全体にも利益が及ぶとするトリクルダウン効果を前提としているが、大企業の多くが生産拠点を海外に移す中で、かつてのような効果は望めないという声もある。アベノミクスの成否は、大多数の国民が景気回復を実感し、消費を活性化させるかどうかにかかっているといえるだろう。