

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, tax exemptions or 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 subsidies, 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, Kamoena, 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) Other

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

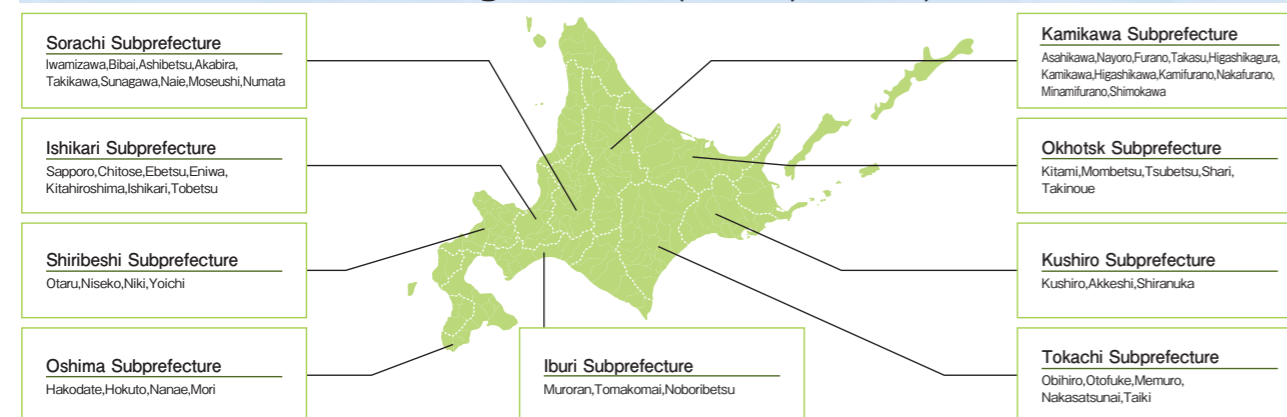
- buildings and grounds of approved facilities that will drive the local economy)
- Reduction of fixed asset tax (Municipal tax: availability and amounts vary by municipality)

<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 2019)



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, 2019)

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*3 Highly Functional and Compound Materials-related Manufacturing*3	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 *8	2 billion yen For same company
		Expansion		5% of total investment		500 million yen		
		Manufacturing of Electric and Electronic Equipment Pharmaceutical Manufacturing Food-related Industry Plant Factory Manufacturing Relating to New Energy Sources		New	500 million yen or more 20 or more persons	10% of total investment	1 billion yen *8	1.3 billion yen For same company
				Expansion		5% of total investment	300 million yen	
		New Energy Supply *Must be eligible for support from municipal government		New	1 billion yen or more 1 or more persons	5% of total investment	100 million yen	—
				New		General type 1 billion yen or more 5 or more persons Environmentally-friendly type *5 2 billion yen or more 5 or more persons	10% of total investment	General type 300 million yen Environmentally-friendly type 500 million yen
		Data Center		Expansion	5 or more persons	5% of total investment	General type 150 million yen Environmentally-friendly type 250 million yen	For same company
				New		25 million yen or more 5 or more persons	10% of total investment	300 million yen
		Key Technologies		Expansion	5 or more persons	5% of total investment	300 million yen	1.3 billion yen For same company
				New		25 million yen or more 5 or more persons	10% of total investment	300 million yen
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	—		
			Expansion	5% of total investment	300 million yen	1.3 billion yen For same company		
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	
			Expansion	500 million yen or more Researchers: 5 or more persons	5% of total investment	300 million yen		
Advanced Logistics Center *Businesses in high-growth industries only.	Throughout Hokkaido (Excluding Sapporo)	New	2 billion yen or more 20 or more persons	10% of total investment	1 billion yen	1.3 billion yen For same company		
			Expansion	500 million yen or more 20 or more persons	5% of total investment		300 million yen	
Type II	Promotion of Collaboration with Municipal Governments	• Manufacturing • Natural Science Institute • Advanced Logistics Center • Data Center • Software Industries • Information Processing And Information Services 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 former Act on the Promotion of Establishment of Enterprises is applied	Specially designated areas *4	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 (2 or more persons))	4% of total investment Only when a new business facility is established in a specially designated area under the Act for the Promotion of Investment in the Future of Regional Areas or the former Act on the Promotion of Establishment of Enterprises	8% of total investment	Investment subsidy 300 million yen For same company
						100 million yen	50 million yen	
						500,000 yen per employee (For 6 or more employees. Subsidy applies to all but 5 employees.)	100 million yen	
						4% of total investment	4% of total investment	
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 (2 or more persons))	8% of total investment	100 million yen	4% of total investment			
			4% of total investment	4% of total investment				

* 1 If a subsidy exceeds the investment amount, the subsidy amount shall be made equivalent to the investment amount.
Amounts will also be adjusted if a business is receiving other subsidies that exceed the Type II municipal subsidies for the establishment of new business facilities.
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.
2 Approved businesses may receive one type of subsidy from either Type I or Type II for each establishment plan.
3 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 after discussion by a panel of experts.)
4 "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.
5 "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.
6 Specially-approved business operators refers to new businesses that have received approval from the governor under the stipulations in Article 13-4 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.
7 Subsidies can be paid in installments over a period of up to 10 years.
8 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.

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

One-stop Service for Locating your Business

Taxation Systems to Strengthen Regional Businesses

The Hokkaido Government created a Regional Revitalization Plan according to the amendment of the Regional Revitalization Act in June 2015, and received approval from the national government on October 2, 2015. Businesses relocating or expanding their head office functions can submit a Facilities Plan for Special Regional Businesses to Improve Regional Vitalization to the Hokkaido government and receive approval for benefits such as tax benefits.

(As of April 1, 2019)

Category	<Expanding businesses>	<Relocating businesses>
Main requirements for approval of facility establishment plan *Approval must be received before commencement of construction, etc. and conclusion of rental contracts (until March 31, 2020).	<ul style="list-style-type: none"> Businesses establishing facilities in areas other than high-concentration areas, where the number of employees will increase or decrease as a result of the facility establishment plan (specific business facilities to be established and the facilities where employees to be transferred to the specific business facilities are employed at the time of application). The number of staff (including staff employed for specific business activities other than those of the departments from which employees will be transferred) employed for specific business activities (offices used for departments such as investigation or planning departments, research institutes, training institutes that will play a major role) must be expected to increase by 5 persons (2 persons in the case of small or medium enterprises). There must be at least 5 full-time staff (2 in the case of small or medium enterprises) employed to perform the specific business activities at the specific business facilities. The staff employed to perform the specific business activities at the specific business facilities must increase by 5 persons (2 persons in the case of small or medium enterprises.) (For relocating businesses, more than half of the employees must relocate from the 23 wards of Tokyo.) This number can be 1/4 or more during the plan period if more than half of staff will transfer in the first year. <Relocating businesses> Businesses establishing facilities in areas other than high-concentration areas, whose offices will be closed or decreased in size as a result of a departmental transfer according to the submitted plan. In the event of a closure or decrease in size, staff employed for specific business purposes must not be reduced and staff transfers must not exceed the scope of standard employee transfers, except in cases where this will be not be detrimental to the community where the original facilities are located. 	Businesses relocating their head office, research institute or training institute (specific business facilities) from the 23 wards of Tokyo to Hokkaido
Special tax reductions for offices *Must be acquired within 2 years of approval of the facility establishment plan	Acquisition cost: 20 million yen or more (10 million yen or more in the case of small or medium enterprises)	Special depreciation of 25% of the acquisition cost of buildings and accompanying facilities and structures or 7% in tax credits (corporate taxes or income tax)
	Special depreciation of 15% of the acquisition cost of buildings and accompanying facilities and structures or 4% in tax credits (corporate taxes or income tax)	Special depreciation of 25% of the acquisition cost of buildings and accompanying facilities and structures or 7% in tax credits (corporate taxes or income tax)
Special taxation measures to stimulate employment	Maximum amount: 20% of corporate taxes, etc. for the same fiscal year if using tax credits	
	2 or more employees for this specific purpose must be employed during the applicable fiscal year* *The above requirement only needs to be met in the applicable fiscal year, and does not need to be met in subsequent fiscal years (as long as the number of employees at the specific business facilities and the company's total number of employees have not decreased in any year up to the applicable fiscal year.) The total basic salary for the applicable fiscal year must be at least the total basic salary for the previous fiscal year x (1 + employee increase rate for entire company x 20%) No staff members' employment may have been terminated for reasons caused by the company during the applicable or previous fiscal year	
	<Transfer type> 5% increase in employees throughout entire company <Expansion type> 8% increase in employees throughout entire company · Indefinite full-time employment of new employee→Tax credit of 600,000 yen per employee · Transfers from other offices or non-regular employment of up to 40% of new employees→Tax credit of 500,000 yen per employee	
Incentives	<Transfer type> Less than 5% increase in employees throughout entire company <Expansion type> Less than 8% increase in employees throughout entire company · Indefinite full-time employment of new employee→Tax credit of 300,000 yen per employee · Transfers from other offices or non-regular employment of up to 40% of new employees→Tax credit of 200,000 yen per employee	
	<Transfer type only>: Tax credit of 300,000 yen per additional employee (200,000 yen in the case indicated by *) at specific business facilities, including those relocating from the 23 wards of Tokyo (for maximum of 3 years. Does not apply if the number of employees at the specific business facilities or the company's total number of employees has decreased in any year up to the applicable fiscal year.) *The central areas of the Kinki and Chubu regions made eligible for support after the revision in 2018 *Additional employee in the applicable period* refers to additional staff employed for the specific business facilities in the applicable period. The maximum number is the total number of additional employees for the entire company. *New employees, etc.* refers to ordinary employees covered by employment insurance who are newly hired that year or enrolled as ordinary employees for employment insurance during the year. *The applicable years are the three years following the approval of the facility establishment plan, starting from the approval date.	
	Maximum amount: 20% of corporate taxes, etc. for the same fiscal year if using tax credits (cannot be combined with tax reductions for offices (loans are available for additions occurring due to relocation))	
Loan guarantees from SME Support	Maximum guarantee amount: 1.5 billion yen Guarantee rate: 30% of loan and corporate bond capital Guarantee period: 10 years or less	
Tax exemptions or differential taxation for prefectural taxes *Facilities must be established or expanded within 2 years of approval of the facility establishment plan	Business tax	Differential taxation (ratio of tax rate) Year 1 1/2 Year 2 3/4 Year 3 7/8
	Real estate acquisition tax	Differential taxation (ratio of tax rate) 1/10 *Land benefits are only available if construction of the building starts within 1 year of acquisition.
	Fixed asset tax	Differential taxation (ratio of tax rate) Year 1 1/10 Year 2 1/3 Year 3 2/3 Year 1: Tax exemption Year 2: Differential taxation (ratio of tax rate): 1/4 Year 3: Differential taxation (ratio of tax rate): 2/4
Target Areas	Bibai, Ashibetsu, Takikawa, Sunagawa, Fukagawa, Naie, Sapporo, Otaru, Iwamizawa, Tomakomai, Ebetsu, Chitose, Eniwa, Kitahiroshima, Ishikari, Nanporo, Tobetsu, Muroran, Shiraoi, Hakodate, Hokuto, Nanae, Asahikawa, Takasu, Higashikagura, Higashikawa, Shimokawa, Kitami, Abashiri, Obihiro, Otofuke, Memuro, Makubetsu, Kushiro, Shiranuka.	Some municipalities

**Employees for this specific purpose* indicates the total of the new indefinite-term full-time employees in the specific business facilities (maximum increase in employees in the specific business facilities) and the number of additional employees in the specific business facilities minus the number of new employees (if this number is below zero, it shall be treated as zero).
○ Head office functions (facilities for company-wide operations or operations performed for multiple offices to provide support in a particular region): General affairs, legal affairs, HR auditing and facility management divisions, investigation and planning divisions, information processing divisions, research and development divisions, international business divisions, etc.
○ Research institutes: Facilities playing a major role in the company's research and development activities (including research and development facilities in factories)
○ Training institutes: Facilities playing a major role in the company's employee training activities

About One-stop Service for Locating your Business

1. To make application and notification processes easier, the Hokkaido government has established the "Business Location Support Center." The center provides help with all procedures required by relevant laws and regulations, all at one location.

2. Assistance with Procedures

(1) Consultation about Procedures

The Business Location Support Center provides advice on all related application procedures. The center has divisions specializing in all related areas, so that companies can contact one place and get specific information about all the necessary applications.

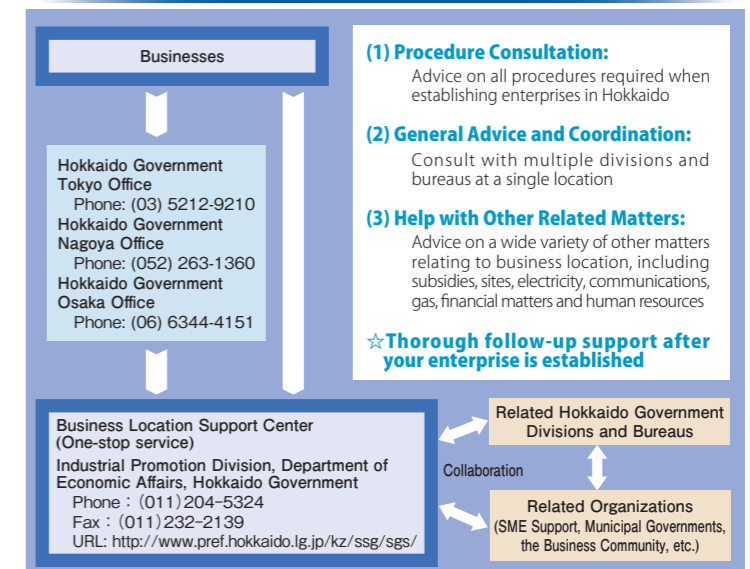
(2) Assistance with Specific Applications and Notifications

Consultations on specific applications and notifications are handled directly by the relevant divisions. We will, however, do our best to accommodate requests to meet with a representative at a certain date or time, and if you need to meet with multiple representatives we will schedule your appointments together so that you only have to make one trip.

(3) Help with Other Related Matters

The center provides advice on a wide range of other matters relating to business location, including subsidies, sites and leases.

The Hokkaido government provides a variety of consultation services relating to business locations, including advice on procedures and correspondence with relevant parties, all in one centralized location.

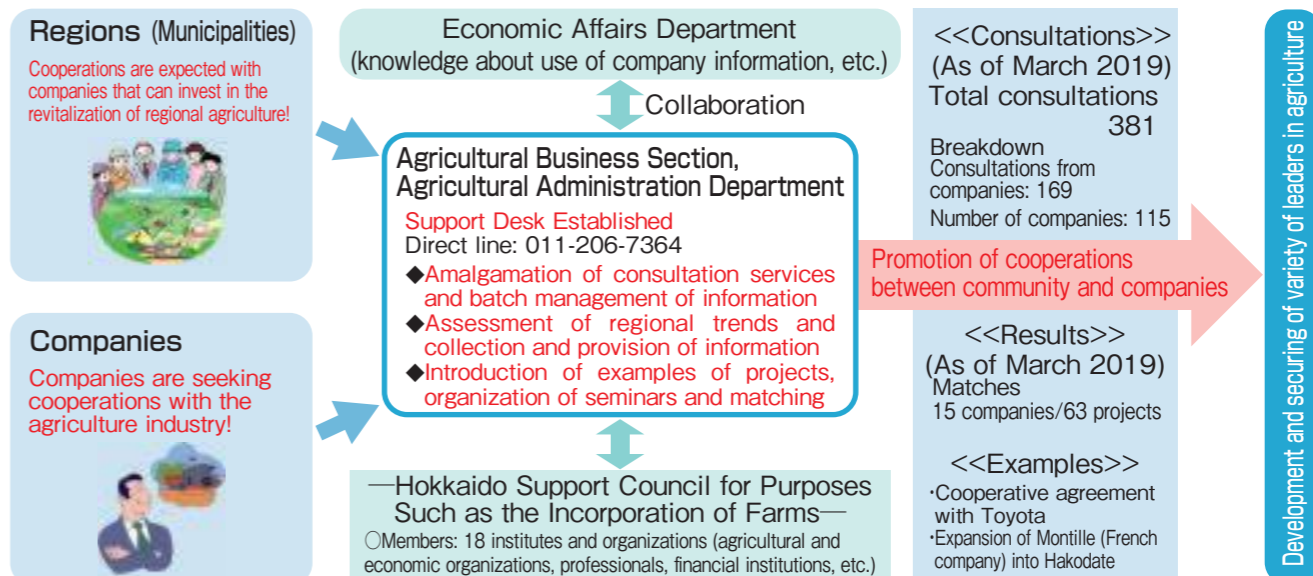


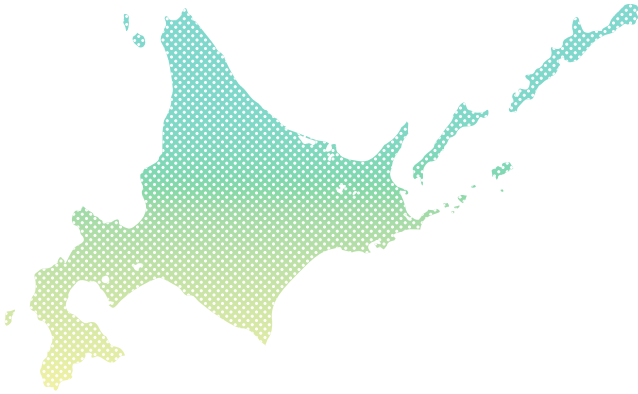
Support Desk for Corporate Cooperations and Incorporation of Farms

About the Support Desk for Corporate Cooperations and Incorporation of Farms

A support desk has been set up to handle incorporation of farms, companies' entry into the agriculture industry and cooperations between companies and the community.

- The revision of the Agricultural Land Act (April 1, 2016) has made it easier for companies to work cooperatively with the agriculture industry.
- In Hokkaido, companies are lending their capabilities to the agriculture industry, enabling the industry to become stronger, develop and secure various leaders and revitalize the industry and farming villages.





May 2019 – COMMITTEE FOR THE
PROMOTION OF INVESTMENT IN HOKKAIDO

Member Organizations

Hokkaido Economic Federation

The Federation of Hokkaido Chamber of Commerce
and Industry

Hokkaido Prefectural Federation of Societies of
Commerce and Industry

Hokkaido Electric Power Co., Inc.

AIR WATER INC.

Hokkaido Gas Co., Ltd.

North Pacific Bank, Ltd.

The Hokkaido Bank, Ltd.

Tomatoh Inc.

Ishikari Development Co., Ltd.

Hokkaido Prefectural Land Development Public
Corporation

Sapporo Verdy Co., Ltd.

Miki Shoji Co., Ltd.

Big Co., Ltd.

Sanko Estate Co., Ltd.

Hokkaido Trade Information Center of Japan External
Trade Organization (JETRO)

Hokkaido Regional Development Bureau

Hokkaido Bureau of Economy, Trade and Industry

Hokkaido Association of City Mayors

Hokkaido Association of Towns and Villages

Hokkaido University

Hokkaido

Business Location Inquiries

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Hokkaido website: <http://www.pref.hokkaido.lg.jp>

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