

Guidelines on Application for Subsidy for Investment Support Project
for Foreign Corporations Entering into Fukushima Prefecture for Business

1. Purpose

The purpose of this Project is to promote the invitation of foreign corporations by subsidizing part of the rent and other necessary expenses of the business establishments of foreign corporations doing business within Fukushima Prefecture.

2. Corporations Eligible for Subsidy

Corporations to which all of the following items apply are eligible for the subsidy:

- (1) Corporations shall be foreign corporations (corporations of which one half or more of the investment in capital is contributed by foreign corporation(s)).

This includes not only corporations newly entering into Japan to do business, but foreign corporations already doing business in other prefectures.

- (2) Corporations involved in the industries of pharmaceutical, medical equipment, renewable energy, and/or robotics (It is not required that the main business falls under the above-mentioned four industries.)

- (a) Pharmaceutical industry

Includes corporations manufacturing drugs.

- (b) Medical equipment industry

Includes corporations manufacturing medical equipment, components of medical equipment or welfare equipment.

- (c) Renewable energy industry

Includes corporations involved in the manufacture, research and development, sale or investigation of products and parts related to solar energy, wind-powered electricity, bioenergy, geothermal power generation, hydrogen fuel cells, energy storage technology, alternative fuel, energy management systems, energy saving, energy efficiency, cogeneration, etc.

- (d) Robotics industry

Includes corporations involved in the development and manufacture of robots, such as the development and manufacture of robot main bodies and artificial intelligence, the design and manufacture of electrical or electronic parts and machine parts including sensors, etc. constituting a robot, or the development of robot operation control or training software.

- (3) Corporations entering into Fukushima to do business for the first time

Corporations establishing a facility to conduct manufacturing, research and

development, and/or sales and research activities within Fukushima for the first time.

* Corporations whose group companies are already doing business in Fukushima Prefecture are eligible for the subsidy if their corporate status is different from such group companies.

- (4) Corporations may conclude a lease contract as below for newly established business locations, etc.:
 - (a) The contract can be concluded within approximately one month after the decision to grant the subsidy is made.
 - (b) The corporation will conduct business within Fukushima Prefecture for three or more years from the date of conclusion of the lease contract.
 - (c) The area of leased space of the new business location, etc. is 40 m² or more.
 - (d) There is a plan to establish a manufacturing plant, research base, etc. within Fukushima Prefecture.
- (5) The application for the registration of the HQ and branches of the newly established business location, etc. can be made within approximately one month after the decision to grant the subsidy is made.
- (6) Before applying for the issuance of registration certificates, the corporation will make arrangements for the draft of application for issuance and the draft materials to be included therewith, and will have adequate discussions beforehand.
 - (a) Before submitting the application forms, we will have a full interview with the corporation based on the drafts of application forms in order to confirm beforehand that the submission documents meet the formal requirements. Corporation personnel will be requested to come to our Office after contacting us by e-mail or phone.
 - (b) The personnel coming to our Office for advance consultation may be an agent of the applicant. In such a case, such person or his/her agent shall be able to communicate with us in Japanese.
- (7) There are no violations of laws or ordinances.

3. Expenses Eligible for Subsidy

The expenses listed in the applicable columns (1) to (10) below are eligible for the subsidy. Only expenses that are really necessary for conducting business within the business locations, etc. after the decision to grant the subsidy is made will be eligible for the subsidy.

- (1) Compensation

Eligible expenditures	Examples of ineligible expenditures
(i) Compensation for external consultants required for conducting business in the newly leased business location, etc.	- Expenditures for those already employed by the applicant, such as employees
(ii) Compensation for various types of experts (administrative scriveners, labor and social security attorneys, notaries public, etc.) required for the procedures for the registration of the Japanese corporation, acquisition of residential status, hiring of employees, etc.	

* The amount of the expenditure shall be an amount which is considered reasonable under normal social conventions. The amount of the expenditure must also be objective in light of internal rules and regulations.

(2) Office expenses

Eligible expenditures	Examples of ineligible expenditures
(i) Maintenance and use charges for fixed-line phones, fax machines, Internet connections used in the newly leased business location, etc.	- Communication expenses (mobile phones, etc.) used in places outside of the business location, etc.
(ii) Travel expenses for external consultants paid as compensation for expenses	- Travel expenses for employees, etc. of the applicant

* As long as a contract for leases, etc. is in place, please enter the expenses for the installation of a copy machine in (7) "Rent Expenses."

(3) Supplies expenses

Eligible expenditures	Examples of ineligible expenditures
(i) Items required in the newly leased business location, etc.	

* Items consumed within the period of subsidized business (a single fiscal year) or not exceeding 100 thousand yen in cost per item including taxes are eligible.

(4) Commissions

Eligible expenditures	Examples of ineligible expenditures
(i) Revenue stamp expenses/expenses for revenue stamps issued by local government and commissions required for the incorporation of the Japanese corporation, registration and establishment of HQ and branches, and applications related to taxation, social insurances, etc.	<ul style="list-style-type: none"> - Consumption taxes, corporate income taxes and other taxes and public dues other than those mentioned on the left - Investment in capital required for the incorporation of a legal entity
(ii) Commissions required for the acquisition and renewal of residential status and visas for regular employees working full-time for the newly leased business location, etc.	<ul style="list-style-type: none"> - Commissions required for temporary employees, part-time employees other than regular employees

* If such expenses are included in other items such as consignment fees, compensation, etc., they cannot be included in this category.

(5) Subcontracting costs

Eligible expenditures	Examples of ineligible expenditures
(i) Subcontracting costs for posting listings on recruitment websites, magazines, advertisements, etc.	<ul style="list-style-type: none"> - Subcontracting costs other than on the left
(ii) Costs for placing orders for printed materials for job listings	<ul style="list-style-type: none"> - If the entity accepting the order is located in places outside of Fukushima Prefecture
(iii) Manufacturing costs for promotional items for recruitment activities	<ul style="list-style-type: none"> - If the entity accepting the order is located in places outside of Fukushima Prefecture

* Employees to be recruited are not limited to regular employees, but shall be employed for at least one year after the date of hire.

(6) Cost of equipment purchased

Eligible expenditures	Examples of ineligible expenditures
(i) Office equipment required for the opening of the newly leased business location, etc. and used only in said facility	- Equipment other than on the left

- * As a general rule, the cost of items purchased shall be 200 thousand yen or less per item. For items costing in excess of said amount, the reason why such items are really necessary for business operation and the reasonableness of the cost as compared to the market value shall be explained.
- * If an item is purchased at reasonable cost as above, it shall be registered as equipment and controlled according to Form No. 9. Please also place a sticker in a visible position in order to identify that such an item has been purchased for this project.

(7) Rent expenses

Eligible expenditures	Examples of ineligible expenditures
(i) Rent expenses for the land, building and parking lot required for the corporation to do business in this Prefecture	- Prepaid rent for the period before the date of decision to grant and the period after April, 2016
(ii) Common charges and administration charges added to the above rent expenses	- Lease deposit, key money, guarantee deposit, real estate brokerage commissions, insurance premium, cleaning expenses, and other expenses not directly required for leasing the facilities
(iii) Lease fees for office equipment, etc.	- Items for which a lease agreement has not been concluded

* In the case of (i), an area of 40 or more square meters is required.

* In cases of (i) and (ii), rent expenses for the month following that of the date of decision to grant the subsidy and subsequent months are eligible for the subsidy.

(8) Heat, electricity and water expenses

Eligible expenditures	Examples of ineligible expenditures
(i) Charges for electricity, gas and water and sewerage used in the newly leased business location, etc. (only such expenses which are apparently incurred within the business location, etc.)	- Expenses whose classification as eligible or ineligible is unclear, such as in the case of calculation of expenses by allocation between eligible and ineligible facilities or in the case of non-existence of exclusive meters

(9) Consignment fees

Eligible expenditures	Examples of ineligible expenditures
(i) Consignment fees for external consultants directly required for entering into business	
(ii) Consignment fees required for the establishment of the Japanese corporation, registration of HQ and branches, services for applications related to taxation and social insurances, etc., acquisition and renewal of residential status and visas for regular employees working full-time in the business location, etc.	

- * If the consultant is an expert on establishing business strategies and advising corporations, their name need not be listed.
- * The counterparty to the consignment contract shall be an external resource. Please be sure to conclude a consignment contract with the applicant company specifying the services, deliverables, etc.
- * The commencement time of the contract shall be a date after the date of decision to grant the subsidy and the termination time of the contract shall be a date on or before March 31, 2016. If the contract term extends beyond said period, the total period shall be ineligible, irrespective of whether it falls within or outside of said period.
- * At the time of preliminary consultation, we will confirm whether the content of the contract is eligible for the subsidy.
- * From among (1) "Compensation" and (2) "Office expenses," please enter the expenses related to external consultants in (9) "Consignment fees," and avoid any duplicate entry of expenses.

(10) Other

Eligible expenditures	Examples of ineligible expenditures
(i) Expenses other than those entered in (1) to (9) above that are essential for conducting the business in the business location, etc.	

4. Subsidy Amount

The subsidy amount granted to one corporation shall be three quarters of the expenses eligible for the subsidy with the maximum amount being 28 million yen. ~~Because there may be cases where the upper limit amount is changed depending on the budget balance, please make sure at the time of the preliminary consultation before applying that you confirm the upper limit amount for which you may apply.~~ Please also note that the call for applications will promptly close when the subsidy exceeds the budgeted amount.

5. Process from Preparation for Application to Subsidy

(1) Preliminary consultation with the Office

Please have a preliminary consultation with the Medical Industry Agglomeration Office of Fukushima Prefecture based on the draft of the application for the subsidy. We will hold a hearing and review the preparation documents related to the feasibility, etc. of your business plan.

A hearing will also be held on the prospect and feasibility of the rent contract of the business location, etc. and commercial registration listed on Form No. 1-1.

(2) Application for subsidy

- (a) When applying for the subsidy, please submit your application for the subsidy with reference to the Checklist of Application Documents (Appendix). Please download the application forms from the following website.

Utsukushima (Beautiful Fukushima) Next-Generation Medical Industry Agglomeration Project Website
URL: <http://www.fuku-semi.jp/iry-pj/>

(b) Corporations may submit the application for the subsidy only once. (Preliminary consultation may be made more than once.)

(c) The application documents, etc. to be submitted at the time of application may be used in the future free of charge for such uses as are considered necessary by Fukushima Prefecture (for public announcements, etc.). Once submitted, application documents, etc. shall not be returned.

(3) Decision to grant subsidy

If the business plan and application for the subsidy meet the requirements and it is considered appropriate to grant the subsidy, the Governor will make a decision to grant the subsidy and give notification to that effect. Various conditions may be provided upon the decision to grant the subsidy.

(4) Granting subsidy

The subsidy will be granted to corporations that meet the requirements. The subsidy shall, in principle, be paid when the accounts are settled at the end of fiscal year; provided, however, that payment may also be made in rough estimate (payment of the whole or a part of the cost before the completion of the consigned job because the contract amount has not yet been finalized) only if the content of the business is such that a hindrance is caused to the operation of business unless payment is made in rough estimate.

6. Execution of Subsidized Business

The business provider receiving the subsidy shall continue its business in the business location, etc. leased by the subsidy, for a period of three or more years; provided, however, that it shall consult with us separately if it moves its business location, etc. during said period as a result of establishing a manufacturing base, etc. which exceeds the size (area, employees, etc.) of the existing business location, etc..

7. Reporting on Business Activities

The business provider receiving the subsidy shall submit a business performance report for the fiscal year of the date the subsidy was granted (Form No. 6), on the date exceeding 10 days from the date of completion of the project (or, if the abolition of the project has been approved by the Governor, on the date of such approval) or March 31 of the fiscal year of the date of decision of to grant the subsidy, whichever comes first.

Please submit the Project Status Report (Form No. 12) about the business activities for each of the subsequent three fiscal years by three months after the end of each fiscal year.

8. Notification of Changes

If the business provider receiving the subsidy makes any changes in the following matters during the fiscal year of the date the subsidy is granted or the subsequent three fiscal years, it shall give notification voluntarily within one month after such changes are made:

- (1) Changes in the place, name or representative of the business location, etc. to which the subsidy is granted

9. Cancellation of Decision to Grant Subsidy

If any one of the following matters is applicable to the business provider receiving the subsidy during the fiscal year of the date the subsidy is granted or the subsequent three fiscal years, the grant of the whole or a part of the subsidy may be cancelled:

- (1) If it receives the subsidy by false or other illicit means;
- (2) If it violates the conditions provided at the time the subsidy is granted or any other laws and ordinances; or
- (3) If it no longer satisfies any one of (1), (2), (4), (5), (6) and (7) of “2. Corporations Eligible for Subsidy.”

10. Refund of Subsidy

If the decision to grant the subsidy to the business provider receiving the subsidy is cancelled, the subsidy shall be returned to Fukushima Prefecture. In such a case, please follow the instructions of Fukushima Prefecture.

11. Accepting Grant Applications

- (1) Application period

From April 1, 2015 (Fri.) to January 29, 2016 (Fri.)

- * Preliminary consultation related to the application will be provided periodically during the period of public call for applications.
- * If the subsidy amount decided to be granted exceeds the upper limit amount of the budget, the call for applications shall close during the application period.

- (2) Method of application

Please prepare the documents listed in the Checklist of Application Documents (Appendix) and bring or send them to the Office.

- (a) Please write “Application for Subsidy for Investment Support Project for Foreign

Corporations” on the envelope in red ink.

- (b) Hand-delivered documents shall be accepted between 9:30 a.m. and 5:15 p.m. on weekdays.
- (c) The application shall be written only in the Japanese language.

Application Site

Medical Industry Cluster Promotion Unit

Commerce, Industry & Labor Department

Fukushima Prefecture

10F West Government Building, 2-16, Sugitsuma-cho, Fukushima-shi, Fukushima Prefecture, 960-8670

Appendix

Checklist of Application Documents

<ul style="list-style-type: none">□ Application Subsidy (Form No.1)	<p><u>Applicable to all business providers</u></p> <ul style="list-style-type: none">□ Confirmation of establishment of business location, etc. (Form No. 1-1)□ Business plan (Form No. 2)
<ul style="list-style-type: none">□ Business plan (Form No. 2)	<p><u>Applicable to all applicants</u></p> <ul style="list-style-type: none">□ Draft of rent contract□ Articles of incorporation (or draft thereof)□ Document showing the composition of ownership of investment in capital (or draft thereof)□ Copy of map showing the place of the business location, etc.□ Copies of estimates necessary for the development of the business plan□ Document showing the content of the consignment contract, if such a contract is to be concluded (outline of the expected consignee, draft of contract, etc.)□ Materials showing the outline of the corporation (pamphlet, etc.)□ Materials showing the business performance for the past two years (financial statements, etc.) <p><u>Corporations with locally-incorporated corporations in other municipalities within Japan</u></p> <ul style="list-style-type: none">□ Certificate of All Registered Matters□ Materials confirming the authenticity of the seal used in the Application for Subsidy (Certificate of Seal Impression)□ Materials confirming the status of tax payment in the place where the HQ in Japan is located (tax payment certificate showing that there are no unpaid national, prefectural or municipal taxes)