

## **Grant Guidelines for Subsidy for Investment Support Project for Foreign Corporations Entering into Japan for Business**

### Purpose

Article 1: With the aim of promoting the agglomeration of industries related to medicine, renewable energy, and robotics, Fukushima Prefecture will grant a subsidy amount within the budget to foreign corporations entering into the Prefecture to do business, in accordance with the provisions of the Fukushima Prefectural Regulations on Granting Subsidy (Fukushima Prefectural Regulations No. 107 of 1970; hereinafter referred to as “Regulations”) and these Guidelines.

### Definitions

Article 2: “Foreign corporation” under these Guidelines shall mean a company with half or more of its investment in capital being contributed by foreign companies (foreign companies as specified by Article 2, paragraph 1, item 2 of the Companies Act (Law No. 86 of 2005)) or a company with half of its investment in capital being contributed by foreign investors as specified in Article 26 of the Foreign Exchange and Foreign Trade Act (Law No. 228 of 1949).

2. “Entering into the Prefecture to do business” under these Guidelines shall mean to establish a business location, etc. within the Prefecture for the first time with the purpose of conducting manufacturing, research and development, and/or sale and research activities within Fukushima Prefecture.
3. “Business location, etc.” under these Guidelines shall mean the manufacturing facilities, research and development facilities, sales facilities, research facilities and associated business sites and parking lots which a foreign corporation leases when entering into this Prefecture to do business.

### Eligibility for Subsidy

Article 3: The subsidy will be granted to foreign corporations establishing their business location, etc. within the Prefecture which carry out the manufacturing, research and development, and/or sales and research for products or parts related to drugs, medical equipment, renewable energy, and/or robotics (hereinafter referred to as “business provider”).

2. The expenses eligible for the subsidy shall be the expenses listed in Appendix 1 among the expenses required for the establishment of the business location, etc. in the preceding paragraph, and the amount and subsidy rate shall be the amount and rate determined by the Governor within the scope specified in Appendix 2.
3. Any business provider whose officers include any person falling under the category of an organized crime group or a member of an organized crime group as specified in the Fukushima Prefectural Ordinance for Elimination of Anti-Social Forces (Fukushima Prefectural Ordinance No. 51 of 2011) may not apply for the subsidy.
4. The Governor may make inquiries to the prefectural police head regarding matters related to the organized crime group or the member of organized crime group prescribed in the preceding paragraph.

### Application Forms

Article 4: The application prescribed in Article 4, paragraph 1 of the Regulations shall be submitted by means of the Application for Subsidy for Investment Support Project for Foreign Corporations (Form No. 1) and the Business Plan (Form No. 2), and the due date for submission thereof shall be as specified separately by the Governor.

2. The application shall be completed in the Japanese language.

### Application for Subsidy

Article 5: A business provider wishing to receive the subsidy shall submit to the Governor the application in the preceding Article along with the documents as specified below:

- (1) Confirmation of Establishment of Business Location , etc. (Form No.1-1); and
- (2) Other documents which are considered necessary by the Governor.

2. The due date for submission of the application for subsidy shall be the end of January of the fiscal year of the date of application. Note that the call for applications may end as soon as the amount of the subsidy reaches the upper limit amount of the annual budget.

#### Decision to Grant Subsidy

- Article 6: If an application for the subsidy as described in the preceding Article is submitted, the Governor shall examine the content thereof and, if s/he finds it necessary to grant the subsidy related to said application, shall make the decision to grant the subsidy (hereinafter referred to as "decision to grant").
2. When making a decision to grant, the Governor may provide conditions if they are necessary for achieving the purpose of said subsidy.
  3. If as a result of the examination described in Paragraph 1, the Governor finds it inappropriate to grant the subsidy, s/he shall promptly make a decision not to grant the subsidy.

#### Notice of Decision

- Article 7: Whether the Governor makes a decision to grant the subsidy pursuant to the provisions of Paragraph 1 of the preceding Article or makes a decision not to grant the subsidy pursuant to Paragraph 3 of the same Article, s/he shall give prompt notice to the business provider.

#### Change of Grant Amount and Application for Approval

- Article 8: When obtaining the approval of the Governor based on Article 6, paragraph 1, items 1 and 2 of the Regulations, the business provider shall submit the Application for Approval of Changes (Discontinuance, Abolition) in the Investment Support Project for Foreign Corporations (Form No. 3).
2. A minor change, which is separately prescribed in Article 6, paragraph 1, item 1 of the Regulations, shall mean a change which is within 20% of the lower of the amounts between each category of expenses listed in Appendix 1.

#### Reporting on Accidents

- Article 9: If a business provider wishes to report and receive instructions from the Governor pursuant to Article 6, paragraph 1, item 3 of the Regulations, it shall submit to the Governor the Report on Accident, etc. of the Investment Support Project for Foreign Corporations (Form No. 4).

#### Deadline for Rescission of Application

- Article 10: The deadline to be separately determined, which is prescribed in Article 8, paragraph 1 of the Regulations, shall be the date exceeding 10 days from the date of receipt of the notice of decision to grant.

#### Cancellation of Decision to Grant Subsidy

- Article 11: If the Governor finds that any one of the following items is applicable to the business provider which has received notice of decision to grant, s/he may give to the business provider an order to refund the whole or a part of the subsidy already granted:
- (1) If the business provider receives or tries to receive the subsidy through a false application or through other misconduct;
  - (2) If the business provider violates the Regulations or these Guidelines; or
  - (3) If it is found that the business provider is no longer conducting its business during the period of three fiscal years calculated from the fiscal year following that of the month of the decision to grant.

#### Report on Completion

- Article 12: When the subsidized project has been completed, the business provider shall promptly submit to the Governor the Report on Completion of Investment Project for Foreign Corporations (Form No. 5).

#### Reporting on Performance

Article 13: The report on performance shall be made by means of the Report on Performance of Investment Support Project for Foreign Corporations (Form No. 6) by the date exceeding 10 days calculated from the date of completion of the project (or, if the abolition of the project has been approved by the Governor, by the date of such approval) or by March 31 of the fiscal year of the date of decision to grant the subsidy, whichever comes first.

#### Finalization of Amount of Subsidy

Article 14: Upon receiving the report described in the preceding Article, the Governor shall examine the report, etc. and make on-site investigations as necessary and, if s/he finds that the performance results of the project eligible for the subsidy related to the report conform to the content of the decision to grant the subsidy, s/he shall determine the amount of subsidy to be granted and notify the business provider thereof.

2. If an amount of subsidy which exceeds the amount of subsidy determined to be granted to the business provider has already been granted, the Governor shall give to the business provider an order to refund said excess amount of subsidy to the Prefecture.
3. The due date for the return of the subsidy described in the preceding paragraph shall be within 20 days from the date of order. If payment is not made within the prescribed period, a delinquent charge calculated for the unpaid period at 10.95 percent per annum of the unpaid amount shall be charged against the business provider.

#### Request for Subsidy

Article 15: On receiving the notice described in Paragraph 1 of the preceding Article, the business provider shall promptly submit to the Governor the Request for Subsidy for Investment Support Project for Foreign Corporations (Form No. 7).

#### Payment of Rough Estimate

Article 16: If considered necessary, the Governor may grant the subsidy prescribed in these Guidelines based on payment of a rough estimate.

2. If a business provider wishes to receive payment of the subsidy in a rough estimate based on the provisions of the preceding paragraph, it shall submit to the Governor the Request for Payment of Rough Estimate of Subsidy for Investment Support Project for Foreign Corporations (Form No. 8).

#### Restriction on Disposal of Properties

Article 17: The separately specified period prescribed in the proviso to Article 18, paragraph 1 of the Regulations shall be a period equivalent to the useful life prescribed in the Ministerial Ordinance for Useful Lives of Depreciable Assets (Ordinance of the Ministry of Finance No. 15 of 1965).

2. The separately specified items prescribed in Article 18, paragraph 1, items 1, 2 and 3 of the Regulations shall be the machinery, appliances and other equipment (hereinafter referred to as "equipment, etc.") whose acquisition cost or increased value is 500 thousand yen or more per unit.
3. If any equipment, etc. is acquired or if the value of the equipment, etc. has increased, the business provider shall record such in the Control Ledger of Acquired Properties, etc. and Schedule of Acquired Properties, etc. (Form No.9) and keep these records in good order.
4. The business provider shall manage the properties, etc. acquired in the subsidized project with the care of a good manager even after the completion of the subsidized project, and shall manage them in an effective manner in accordance with the purpose of the subsidy.
5. If a business provider wishes to obtain approval on the disposal of its properties pursuant to the provision of Article 18, paragraph 1 of the Regulations, it shall submit to the Governor the Application for Approval on Disposal of Properties (Form No. 10) in advance.
6. If the business provider receives any proceeds from the disposal of the properties related to the approval in the preceding paragraph, the Governor may have said business provider make payment to the Prefecture of the whole or a part of the amount equivalent to such proceeds.

#### Maintenance of Books of Account, etc.

Article 18: The business provider shall keep books of account and other documents that contain the status of receipt and expenditure of the subsidy, and retain them for five years calculated from the fiscal year following the fiscal year of the date of completion of the subsidized project.

#### Application for Amount after Deduction of Amount of Tax Deductions for Taxable Purchase for Consumption Tax and Local Consumption Tax

Article 19: When the business provider applies for the subsidy pursuant to the provisions of Article 4, paragraph 1 of the Regulations, it shall apply for the subsidy by reporting the amount after deducting the amount of the tax deductions for the taxable purchase for consumption tax and local consumption tax pertaining to said subsidy (amount obtained by multiplying the total amount of the amount deductible as the amount of consumption tax pertaining to the purchase under the Consumption Tax Act (Law No. 108 of 1988) and said amount multiplied by the local consumption tax rate based on the Local Tax Act (Law No. 226 of 1950) from among the consumption tax and local consumption tax listed in the expenses eligible for subsidy, by the subsidy rate); provided, however, that this shall not apply if the amount of the tax deductions for the taxable purchase pertaining to said consumption tax and local consumption tax is not clearly known at the time of the application.

2. If the amount of the tax deductions for the taxable purchase for consumption tax and local consumption tax pertaining to the subsidy is clearly known at the time of the submission of the report on project performance, the business provider shall report the amount after deduction of said amount of the tax deductions for the taxable purchase pertaining to said consumption tax and local consumption tax.

#### Refund of Subsidy Associated with Finalization of Amount of Tax Deductions for Taxable Purchase for Consumption Tax and Local Consumption Tax

Article 20: When the amount of the tax deductions for the taxable purchase for consumption tax and local consumption tax pertaining to the subsidy is finalized based on the consumption tax return after the completion of the subsidized project, the business provider shall promptly submit to the Governor the Report on Finalization of Amount of Consumption Tax and Local Consumption Tax (Form No. 11)

2. Upon receiving the report specified in the preceding paragraph, the Governor may give an order to the business provider to refund the whole or a part of the amount of tax deductions for the taxable purchase pertaining to said consumption tax and local consumption tax.

#### Reporting on Results of Implementation

Article 21: The business provider shall report to the Governor on its business activities for each fiscal year of the three fiscal years calculated from the fiscal year following that of the date of the subsidy being granted within three months from the end of each respective fiscal year, by means of the Report on Status of Investment Support Project for Foreign Corporations (Form No. 12).

#### Miscellaneous Provisions

Article 22: In addition to the matters prescribed in these Guidelines, other matters necessary for the grant, etc. of subsidy shall be specified separately.

#### Supplementary Provision

These Guidelines shall take effect from April 1, 2015.

## Appendix 1

Category of expenses	Expenses eligible for subsidy
1. Compensation	(i) Compensation for external consultants (ii) Compensation for various types of experts (administrative scriveners, labor and social security attorneys, notaries public, etc.)
2. Office expenses	(i) Communication and transport expenses (maintenance and use charges for fixed-line phones, fax machines and Internet connections) (ii) Travel expenses for external consultants paid as compensation for expenses
3. Supplies expenses	(i) Items required in the business location, etc. * Items consumed within a single fiscal year or not exceeding 100 thousand yen in cost per item including taxes
4. Commissions	(i) Commissions required for the incorporation of a Japanese corporation, registration and establishment of HQ and branches, and applications related to taxation, social insurance, etc. (ii) Commissions required for the acquisition and renewal of residential status and visas for regular employees
5. Subcontracting costs	(i) Costs for posting listings on recruitment websites and costs of placing orders for printed materials for job listings for recruitment of employees (irrespective of whether they are regular or non-regular employees) working in the business location, etc.
6. Costs of equipment purchased	(i) Purchase of office equipment required in the business location, etc. * 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.
7. Rent expenses	(i) Rent expenses related to the business location, etc. (ii) Common charges and administration charges related to the lease of the business location, etc. (iii) Lease and rental fees for office equipment
8. Heat, electricity and water expenses	(i) Charges for electricity, gas and water and sewerage * Only such expenses which are incurred within the business locations, etc.
9. Consignment fees	(i) Consignment fees for external consultants directly required for entering into business
10. Other	(i) Other expenses and costs that are approved by the Governor

Note: Expenses eligible for subsidy to be granted shall be limited to those incurred in the business location, etc.

## Appendix 2

Upper limit amount of subsidy	Subsidy rate
28 million yen/corporation	3/4