

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on FY2021 Tax Reform Outline**

1. The fiscal 2021 tax reform outline (the “Outline”) announced today has featured its focus on short-term economic support measures and promotion of forward-looking investment. The Outline presents a framework that stimulates corporations to invest actively to realize carbon neutrality and digital transformation (DX). This is in line with Japan’s medium- to long-term goal, which its public and private sectors should jointly strive for.
2. The Outline, from a short-term perspective, extends a number of existing measures, reflecting the current business conditions. In addition, a system is established herein for investment loss reserve in relation to SME’s business restructuring. We appreciate the system as it guides SMEs and other corporations to pursue DX from medium- to long-term perspectives, leading to a transition to an industrial structure that suits the new normal.
3. Digitalization of Japan’s society including the “Digital Agency” to be created—and ultimately realization of DX—will be triggered by improving the current tax payment environment and overhauling its system to be the one with less procedural burden on taxpayers. Introduction of procedures without the use of “hanko” seals is an example. We hope to see steady progress in simplifying administrative procedures for various business fields of the country. Outside the country, we expect Japanese government to demonstrate its leadership in discussing a tax system that suits digitalization of the economy.

###