

## Incentive Programs for Foreign Investment in Osaka

### Subsidies for Investment Promotion (Osaka Prefecture)

#### 1) Subsidy for High-Tech Industry

Eligibility	Companies that newly establish factories or R&D facilities in industries recognized as high technologies, such as Bio-Life Science, Robotics, Home Information Appliances, New Energy Sources, etc.
Areas	1) Industrial Bases (Saito, Rinku, Hannan, Chikiri) 2) Hirabayashi North District of Suminoe-ku (Eligible only for projects with investments of 10 billion yen or more in the District for Promotion of Large-Scale Investments)
Subsidy Requirements	Investments 10 billion yen or more must satisfy the following requirements 1) Number of regular employees in Osaka Prefecture: 10-100 or more (10 per 10 billion of invested amount) 2) Recipient of tax inducements or incentive payments from local municipality
Amount of Subsidy	a. 5% of buildings/facilities acquisition cost, the following are added to investments (buildings/facilities acquisition cost) of up to 30 billion yen 1) 5% for purchased land 2) 5% for each of the following requirements (up to 10%) - Located within the Industrial Base - Companies that have headquarters, factories, or R&D facilities within Osaka Prefecture - Purchases from 100 or more suppliers located in Osaka Prefecture (in the case of investments of less than 10 billion yen, 40 or more suppliers), or, purchases from companies located in Osaka Prefecture that amount to at least the same as the subsidy - Number of regular employees (except short time employees) in Osaka Prefecture is 5 times greater than the subsidy requirement (in the case of the investments of 10 billion yen or more) b. 50% of building rent for two years (for Saito only, up to 60 million yen)
Maximum Amount	15 billion yen / area

#### 2) Subsidy for High-Tech Research Facilities

Eligibility	Companies that newly construct, expand, or renovate R&D facilities in high technology industries
Areas	Municipalities and other governmental units offering Investment Promotion Plans for R&D Facilities (*)
Subsidy Requirements	Small-and-Medium-Sized Enterprises: Investments of 100 million yen or more Large Enterprises: Investments of 500 million yen or more
Amount of Subsidy	5% of buildings and facilities, etc (10% for companies that have the headquarters, factories, or R&D facilities in Osaka Prefecture)
Maximum Amount	50 million yen

(\*) Following cities:

Osaka, Sakai, Toyonaka, Ikeda, Suita, Takatsuki, Kaizuka, Hirakata, Izumisano, Ibaraki, Yao, Daito, Izumi, Minoo, Settsu, Takaishi, HigashiOsaka OsakaSayama, Hannann (As of end of June, 2009)

### 3) Subsidy for Promotion of Investment by Small and Medium-sized Enterprises

Eligibility	Companies that newly construct, expand, or renovate factories or R&D facilities
Areas	Areas where municipalities are promoting investment promotion plans for factories, etc. and newly establishing preferential treatments for more intensified aggregation of industrial facilities at Industrial Aggregation Districts, etc., such as exclusive manufacturing districts and manufacturing districts, etc., and where practical measures have been taken in coordination with urban development policies; these areas are officially designated by Osaka Prefecture, based on applications of municipal mayors. (*)
Subsidy requirements	1) Small-and-Medium-Sized Enterprises: Investments of 100 million yen or more Large Enterprises: Investments of 500 million yen or more (limited to those in high technology industries) 2) Recipients of preferential treatments from local municipalities
Amount of Subsidy	5% of buildings and facilities, etc. (10% for small-and-medium-sized enterprises that have the headquarters, factories, or R&D facilities in Osaka Prefecture)
Maximum Amount	50 million yen

(\*) Following cities:

Sakai, Kishiwada, Toyonaka, Takatsuki, Hirakata, Yao, Takaishi, HigashiOsaka  
(As of end of June, 2009)

### Preferential Taxation

- 1) “Special Tax Incentive for Capital Investments” E  
(Osaka Prefecture: Reduction of Corporate Inhabitant Tax Rate)

Eligibility	Manufacturing corporations that have their headquarters in Osaka Prefecture and have made a certain amount of capital investments between April 1, 2007 and March 31, 2010 (capital or invested amounts at the time of acquisition of facilities and commencement of services must be 30 million yen or less).
Eligible Capital Investments	A manufacturing machine/device valued at 1.6 million yen or more per unit (2.1 million yen or more in the case of leased item) • Must be installed in a business establishment within Osaka Prefecture • Must be a new machine/device • If the tax reduction exceeds 1.6 million, the investment must exceed the reduced amount.
Tax Reduction	90% reduction from current tax rate

- 2) “Special Tax Incentive for New Businesses” E (Osaka Prefecture: Reduction of Corporate Tax)

< Corporations established between April 1, 2001 and March 31, 2007 >

Eligibility	<ul style="list-style-type: none"> <li>• Any joint-stock corporation, unlimited partnership, limited partnership, limited liability company, or limited private company newly established between April 1, 2001 and March 31, 2007, with its head office located within Osaka Prefecture</li> <li>• Initial capital or invested amount must be 10 million yen or less at the time of establishment.</li> <li>• After establishment, the company must maintain its head office in Osaka Prefecture and continually conduct business operations.</li> <li>• The capital or invested amount must be 10 million yen or less at the end of the first business year (Maximum 100 million yen from the second and subsequent business years).</li> </ul>
Tax Reduction	Applicable to each business year ending within the five calendar years after incorporation of the company: a) Newly incorporated small and medium-size special category companies: 90% reduction from current tax rate

	(Business corporations that have received the Governor's verification beforehand to mainly engage in manufacturing, software, or data processing services) b) Newly incorporated small and medium-size business corporations (excluding the above ): 50% reduction from current tax rate.
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< Corporations established between April 1, 2007 and March 31, 2010 >

Eligibility	<ul style="list-style-type: none"> <li>• Any corporation primarily involved in manufacturing</li> <li>• Any joint-stock corporation, unlimited partnership, limited partnership or limited liability company newly established between April 1, 2007 and March 31, 2010, with its head office located within Osaka Prefecture</li> <li>• Initial capital or invested amount must be 10 million yen or less at the time of establishment</li> <li>• After establishment, the company must maintain its head office in Osaka Prefecture and continue its business operations.</li> <li>• The capital or invested amount must be 10 million yen or less at the end of the first business year (maximum 100 million yen from the second and subsequent business years).</li> </ul>
Tax Reduction	Applicable to each business year ending within the five calendar years after incorporation of the company 90% reduction from current tax rate

3) Special Tax Incentive for Industry Clusters E  
(Osaka Prefecture: Reduction of Land Income Tax)

Eligibility	Of persons/corporations that have acquired eligible land for business purposes (excluding adult entertainment), those that have satisfied certain requirements (e.g. those for which any tax inducement and incentive payment was granted by the local government upon such acquisition)
Eligible Land	<p>a) First-Class Industrial Cluster Promotion Area (*1) Buildings newly constructed within the relevant areas within the target duration (from the publicly announced date of designation of the area to March 31, 2010) and land on which they are constructed</p> <ul style="list-style-type: none"> <li>• In the case of buildings, only those for which construction is commenced within the target duration are eligible</li> <li>• In the case of land, building construction must be commenced within one year of acquisition</li> </ul> <p>b) Second-Class Industrial Cluster Promotion Area (*2) Buildings and land thereof in the relevant areas, acquired within the target duration (from the designation date for each area to March 31, 2010)</p> <ul style="list-style-type: none"> <li>• In the case of buildings that are not newly constructed (in other words, sold/purchased, exchanged, and donated, etc.), only those acquired during the target duration are eligible.</li> <li>• In the case of land, only when either of the following is implemented within one year:</li> <li>• Construction of buildings (only those newly constructed or enlarged) eligible for the Second-Class area is commenced in the land.</li> <li>• Buildings eligible for the Second-Class Area are acquired.</li> </ul> <p>(*1) Following areas Sennan City Rinku Town South and Middle Districts, Technostage Izumi, Tri-vert Izumi Western Block, Nishiki-minami-machi District, Shin-Kaizuka Wharf District, Sakai Semboku-ko Sukematsu Wharf General Logistics Information Center District, Izumisano City Rinku Town North District, Tajiri-cho Rinku Town Middle and North Districts, Hannan City Town, Saito Life Science Park, 2nd phase district in Sakishima Cosmosquare, Hirabayashi North district in Suminoe-ku, Southeast district in Sakaihama, Nicho-naka district in Sakai-shi Chikko-shin-machi, Shiomioki district of Sakaisenboku Port, Chikiri Island (Hannan District 2), Misaki-cho Tanagawa Ocean-Front District, Food-Processing Zone of Misaki-cho Tanagawa Higashibata District</p> <p>(*2) Following cities: Sakai, Kishiwada, Toyonaka, Takatsuki, Hirakata, Yao, Takaishi, HigashiOsaka (As of end of June, 2009)</p>

Tax Reduction	50% of the applicable land acquisition tax (up to 200 million yen)
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### Loan ( Business Location Promotion Loans )

#### 1) New Industry Promotion Loan

Area	Osaka Prefecture industrial bases (*1)
Eligibility	Companies that wish to locate or build facilities appropriate to the industrial bases' purposes
Use	<ul style="list-style-type: none"> <li>• Facility funding (for land, buildings, structures and equipment; equipment alone is not eligible)</li> <li>• Operating funds (limited to equipment leasing)</li> </ul>
Maximum Amount	Equipment funds: 1 billion yen Operating funds: 50 million yen (Up to a combined total of 1 billion yen)
Loan Interest	1.6% per annum (fixed)
Repayment Period	Equipment funds: Up to 15 years (grace period up to 2 years) Operating funds: Up to 7 years (grace period up to 1 year)

#### 2) New Industry Establishment and Investment Promotion Loan (Business Establishment Loans)

Area	Osaka Prefecture industrial bases (*1) Exclusive manufacturing districts (*2)
Eligible Applicant	Small and medium-size companies that have conducted the same business for more than 1 year within the prefecture or for more than 3 years outside of the prefecture and wish to locate or build a specified facility appropriate to the industrial bases' purposes
Use	<ul style="list-style-type: none"> <li>• Equipment funds (for land, buildings, structures and equipment; equipment alone is excluded)</li> <li>• Operating funds (limited to equipment leasing)</li> </ul>
Maximum Amount	200 million yen (up to 80 million yen of this may be unsecured)
Loan Interest	1.9% per annum (fixed)
Repayment Period	Equipment funds: Up to 15 years (up to 10 years if unsecured) Operating funds: Up to 7 years

(\*1) Saito Life Science Park, Rinku Town, Tsuda Science Hills, Hannan Sky Town, Chikiri Island (Hannan District 2), Hirabayashi North district in Suminoe-ku, Southeast district in Sakaihaman, Nicho-naka district in Sakai-shi Chikko-shin-machi, Food-Processing Zone of Misaki-cho Tanagawa Higashibata District

(\*2) Exclusive manufacturing districts, manufacturing districts, land for factories

For inquiries, contact

Investment Promotion Center, Department of Commerce, Industry and Labor  
Osaka Prefectural Government  
TEL: +81-(0)6-6944-8160 FAX: +81-(0)6-6944-6721  
E-mail: kigyoyuchi@sbox.pref.osaka.lg.jp