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Challenges and Strategies in Working Toward an International Financial Center

Removal of tax disparities with major Asian cities and gaining popularity from asset management companies are key

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Summary

- The Japanese government, and the cities of Tokyo, Osaka, and Fukuoka are extremely interested in attracting international financial functions. However, no major improvement has been seen in Japan's evaluation as an "international financial center" from outside Japan.
- Compared to competing major Asian cities (Shanghai, Hong Kong and Singapore), there are differences in business environment, such as tax systems and the degree of integration of the financial sector. With regard to the tax system in particular, compared to Hong Kong and Singapore, which have already acquired a certain position as international financial cities in Asia, Japan's challenges are significant. Under the fiscal 2021 tax reform, Japan's Financial Services Agency (FSA) requests that advanced financial personnel and financial business operators remove practical obstacles when expanding domestically with regard to income tax, corporate tax, and inheritance tax.
- According to a questionnaire surveying financial practitioners, Tokyo is highly evaluated by the banking industry, but gets a low evaluation from the asset management industry. Given the current situation, if we can make asset management a priority candidate for attracting investors and eliminate inconveniences in entering Japan's market and carrying out business activities, the probability of attracting international financial operations will increase.

Attention

This report is a summary translation. The official document is only in Japanese.