

The corporation tax reform in Japan and the long-term analysis of the corporation tax burden

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This paper notes that the corporation tax system in Japan changed over ten years or more from the end of the 80s to the beginning of 2000. There are three purposes. First, the tax burden according to size of business and types of industry is analyzed in this period. Second, the factor of the burden difference is analyzed. Third, the relation between a company system and a corporation tax is considered.

1. The average burden level fell about 10 point during a quarter of century (the latter half of 80's, about 37%. After 2001, 27% level) .
2. The burden difference is continued by fixed width (It is about 4~7 points between sizes of business. It is 4~5 points between types of industry.) . The burden of a large business is very low. In six major industries, machine industry and the financial insurance business is a low rate of the tax burden relatively.
3. The factor of a burden difference is in the amount of addition to a corporation tax, various kinds of tax credits, and change in the tax base.
4. The structural change of the corporation tax after the 90s was corrected and adjusted with the change of a company system. It appears in the reduction of the depreciation rate and in the abolition and reduction of a reserve fund and an allowance.

The essence of the present corporation tax system in Japan is as follows. It has changed greatly by the expansion of tax base and the reduction of tax rate. However, the structure of the tax burden does not change in this quarter of century. In the corporation tax system, the problem of neutrality and fairness is continuing.