



SMAM

## “NISA” to broaden investor’s base

“NISA” (Nippon Individual Savings Account) is a tax privileged account for the small-sized individual investors in Japan, modeled after the ISA (Individual Savings Account) scheme of the United Kingdom. By opening a “NISA” account with a securities house or a bank, all individuals are entitled to enjoy a tax exemption advantage in terms of capital gain tax and withholding tax on dividend income arising from their investment in equities and/or investment trust funds within JPY1million investment limit per person. This scheme has been introduced in Japan since January 2014.

### Point 1

#### **Investments through the “NISA” accounts of 10 major or securities houses reached to JPY1.4trillion in the first year More penetration to younger generations and investment beginners is a key for more success**

- The Japan Securities Dealers Association announced the number of “NISA” accounts opened with 10 major securities houses and the rate of active accounts on January 21. According to the statistics, the amount invested in equities and investment trusts made through the “NISA” reached JPY1.4 trillion in 2014. Approximately 4.07 million of “NISA” accounts were opened and out of which, 1.83 million (45%) accounts actually made contribution for investment. However, more than half of the tax exemption accounts was left unused at the end of last year.
- Looking at the “NISA” account holders’ profile from the viewpoint of age group, majority of them are in 60s years of age or above, and the weight of account holders in 30s and 20s are relatively low. Therefore, further penetration to the younger generations and attracting investment beginners is an issue to be solved. In addition to this, introduction of a new scheme called “Junior NISA” is included in the FY2015 tax reform programs to promote more use of tax-exempted investment.

### Point 2

#### **New “Junior NISA” scheme will be launched On top of the existing NISA scheme with expanded tax-exempted investments up to JPY1.2million limit per account**

- The “Junior NISA” scheme applies to the young generation under 20 years of age. Parents and grand parents of the youth have a new opportunity of opening the “Junior NISA” accounts for their children or grand children and are allowed to make investment on their behalf with additional tax privilege. Maximum investment limit in the new tax exemption scheme is JPY0.8million of investment, effective for five years like the existing “NISA” account. The purpose of introducing the new scheme is to raise the children’s interest in investments and to transfer financial asset mostly held by the aged to the younger generations.
- Expansion of the limit of annual tax-exempt investment amount (from JPY1million to 1.2 million per account) in the current “NISA” account scheme is also included in the FY2015 tax reform program, which is scheduled to be made effective from January 2016.



## Broadening the individual investors base through the expansion of “NISA” account holders

### ■ The government targets 15 million “NISA” account holders by 2020

The chairman of Japan Securities Dealers Association unveiled that the aggregate number of the “NISA” accounts opened with all financial institutions in charge of handling the “NISA” had amounted to about 8 million accounts in total as of the end of 2014. The government had set a ambitious target of having 15 million “NISA” account holders by 2020 when launching the “NISA” program. In order to achieve the target, we think the government needs to implement more powerful measures to improve in convenience of the program further such as lifting the tax exemption period constraint or more relaxation of the ceiling amount.

### ■ Broadening the individual investors base through the “NISA” program

If all of the “NISA” accounts opened with the 10 major securities houses were fully invested to the maximum amount, the total investment would have amounted to approximately JPY 4 trillion, however in reality, the total invested amount is still hovering around JPY 1.4 trillion. Going forward, further increase in investment amount through the existing tax exemption accounts and further penetration of the NISA accounts into more individual investors is expected to expand the investors base in the stock market.

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