

JAPAN

Export Subsidies

Special Depreciation Allowances

The Japanese Government permits firms engaged in export to claim special benefits over and above normal depreciation allowances based on the following formula used to determine the amount of increase:

$$\begin{array}{lcl} \text{ordinary} & & \text{proceeds from specified "overseas transac-"} \\ \text{depreciation} & \times & \text{tions" in the preceeding accounting period} \\ \text{allowance} & & \text{total revenue in the preceeding accounting} \\ & & \text{period} \end{array}$$

Overseas Market Development Reserve

Provisions for the cost of overseas market development may be deducted from the normal tax base (up to 2½% of the proceeds obtained from overseas transactions.)

One-fifth of this amount credited to the Reserve in one accounting period shall be added back successively to income in five succeeding years.

Bonded Warehouses

Japan maintains bonded warehouses where imports may be stored on a duty-free basis. Custom duties, when paid, may be rebated upon Cabinet order.

Export Credit Insurance

The Export Insurance Section, Trade Promotion Department, Ministry of International Trade and Industry directly insures against commercial, catastrophic, and political risks occurring outside of Japan, through both specific and turnover policies.

The policies cover the following principal risks: insolvency, protracted