



SMAM

“NISA” offers a smart tax saving plan

The “NISA” (Nippon Individual Savings Account) is a tax saving account for small-sized individual investors in Japan, modeled after the ISA (Individual Savings Account) plan in the United Kingdom. The tax exempt plan was introduced in Japan in January 2014. The individual, who opens a “NISA” account in a securities house or a bank, can be exempted from capital gain tax and withholding tax on dividend incomes arising from the investment in equities and/or investment trusts.

Point 1

JPY 3 trillion invested through NISA accounts in 2014

Rising stocks is a tailwind for NISA

- The Financial Services Agency reported the number of “NISA” accounts increased 13% to 8,253,799 as of December 2014 from 7,270,000 of June 2014. The investment value also grew substantial 90% to JPY2,977 billion from JPY1,563 billion for the same period. This was because individuals intended to use the tax exemption of NISA by the end of 2014. Furthermore, rising stocks encouraged them to open the tax saving accounts and raise the investment.

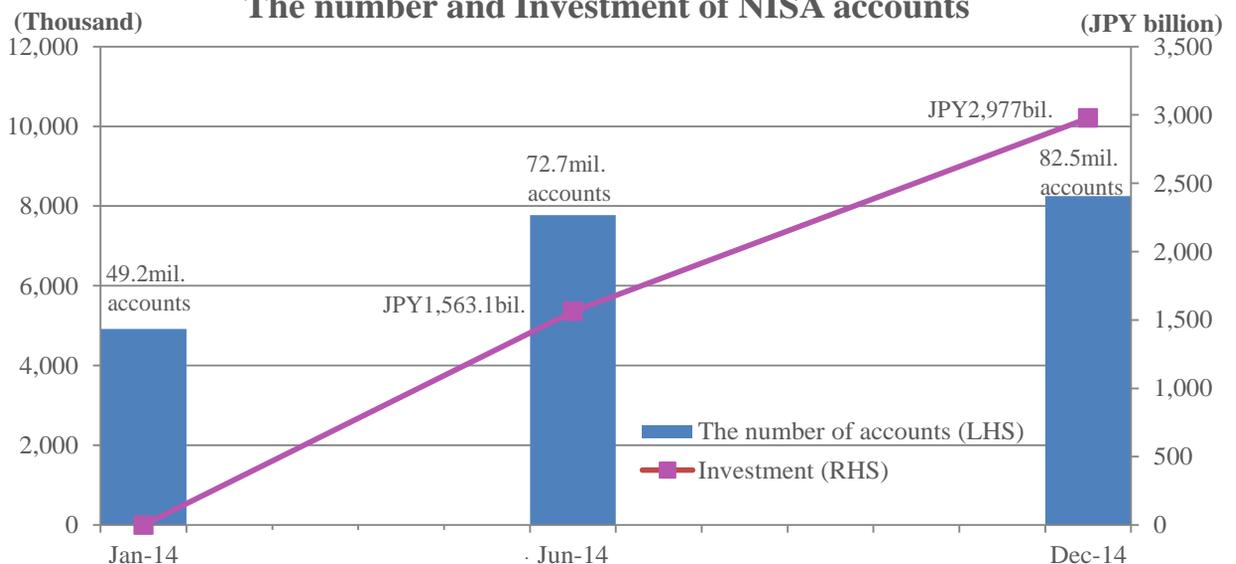
Point 2

Spreading to young generation

Activating more accounts are expected

- According to the age structure of NISA holders, over 60 years old people are majority holders accounting for 60.8% of the total NISA accounts. However, the number of twenties and thirties holders grew double more than that of over sixties holders increasing 82% from last June. The young generation accelerated to open the accounts lately.
- Only 45.5% accounts were activated, while the others had nothing invested. Going forward, more accounts should be activated to invest in stocks and mutual funds as the NISA is spreading over the people. 23.5% of all NISA accounts were opened by the individuals who had no experience in investment before March 2013.

The number and Investment of NISA accounts



(Source) SMAM, based on the Financial Services Agency data.



■ Government supports promotion

The 2015 tax reform added “Junior NISA” that enables a guardian to open a NISA account on behalf of a minor. Also the tax reform raises the annual contribution limit to JPY1.2 million from JPY1 million for a NISA account. The both amendments will be effective in January 2016. The government supports to spread the tax saving plan.

■ Tax saving is estimated to be JPY69.2 billion in 2014

The Financial Services Agency reported the total gains for JPY346 billion from the investment through NISA accounts in 2014. The tax saving is estimated to be JPY69.2 billion as the gains from investment are taxable by 20% for ordinary accounts. Going forward, the tax benefit of using a NISA account would help to expand further investments.

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