

Keywords to Look Back for year 2015

“NISA” accounts are steadily increasing

“NISA” is a tax saving account for small-sized individual investors in Japan. Currently, individuals can be exempted from capital gain tax and withholding tax on dividend incomes on investments of up to JPY 1 million per year. “NISA” was introduced in January 2014 and has grown to the size of 9.58 million accounts with an amount of JPY 5.9 trillion in investments as of September 2015. Size of “NISA” is expected to grow further in future, as the purchase amount subject to tax exemption will be increased to JPY 1.2 million from January 2016 and “Junior NISA” will start from April 2016.

Point 1

Amount purchased through NISA accounts stands at JPY 5.9 trillion  
Steady expansion of size is expected, penetration to the younger generation is a challenge

- According to a survey by Financial Services Agency, the number of “NISA” accounts opened was 9.58 million and aggregated investment amount was JPY 5.9 trillion (end of September 2015). Taking a look at what was purchased, investment trusts count for 65% at JPY 3.8 trillion, followed by listed securities at JPY 1.9 trillion (32%).
- Although the pace of opening accounts has slowed, investments through NISA accounts have been steadily increasing. The ratio of older age groups is high, as age group of 60 years and older count for 54% of total accounts opened and 60% of total amount of investments through NISA accounts. Penetration to younger age groups is a challenge going forward.

Point 2

Further expansion is expected by increase of tax exemption amount  
Investment amount is expected to expand further more

- Investments by individuals in the 3 Japan Post Group Companies stocks in November 2015 (when newly listed), was noticeable. Current size of “NISA” is likely to have increased further from the end of September 2015 due to this factor.
- Amount of investments subject to tax exemption will be expanded to JPY 1.2 million per account from January 2016. Positive effect can be expected from this as some of NISA accounts have used up their annual tax exemption amount already.

“Number of NISA Account Opened and Amount Purchased”

	Number of Accounts (million)	Amount Purchased (JPY trillion)
January 2014	4.92	-
March 2014	6.50	1.0
June 2014	7.27	1.6
December 2014	8.25	3.0
March 2015	8.79	4.4
June 2015	9.21	5.2
September 2015	9.58	5.9

(Source) SMAM, based on MOF data.

### ■ Effective expansion of tax exemption amounts

“Junior NISA” will start in April 2016 (opening accounts are possible from January 2016). Additional tax exemption investment amount of up to JPY 0.8 million per annum can be used by investors under the age of twenty whose account needs to be opened and managed by relatives within the second degree of kinship. Expansion of the investments are expected as this is an effective expansion of tax exemption amounts.

### ■ Playing a role to expand the range of investment age groups

“Junior NISA” has certain constraints such as basically you cannot withdraw funds before the age of 18, etc. However, it will play an important role by contributing to the expansion of individual investors. This is one of the original purposes of introducing “NISA”, as the accounts will be managed by the account holders of “Junior NISA” when they become adults.

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