



Tax Improvements for Solving Japan's Ageing Population Issues

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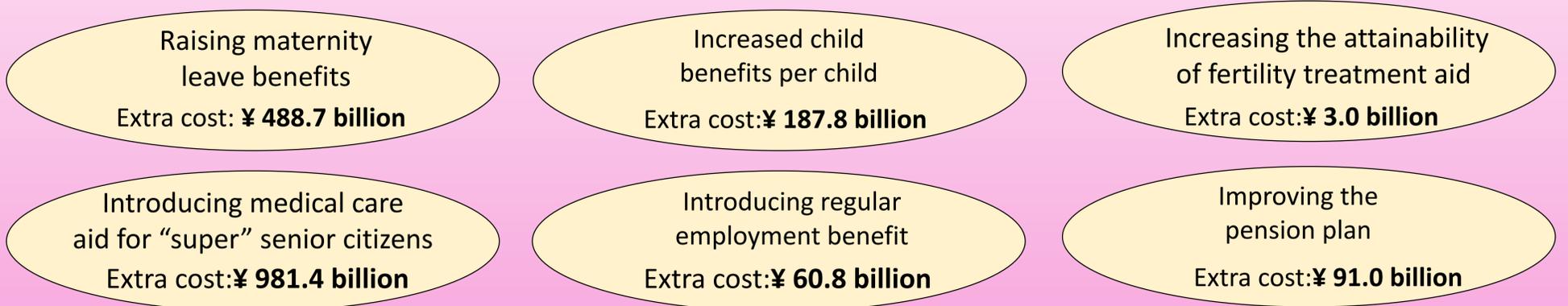
Introduction

Japan's ageing population issues can be divided into six causes and effects as follows,

(a)Substandard fertility treatment aid, (b)Unsatisfactory maternity leave benefits, (c)Marriage delayal, (d)Insufficient medical care aid, (e)Inadequate pension system, (f)Over-expensive education costs.

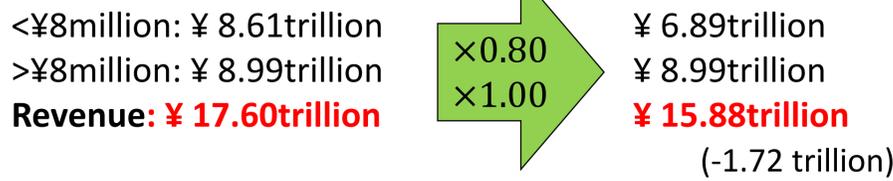
As countermeasures, six policies and the subsequent tax improvements are proposed. In addition, the concept of "Burden of Citizen"(BoC) is introduced to determine the probability of such changes happening.

Six Policies

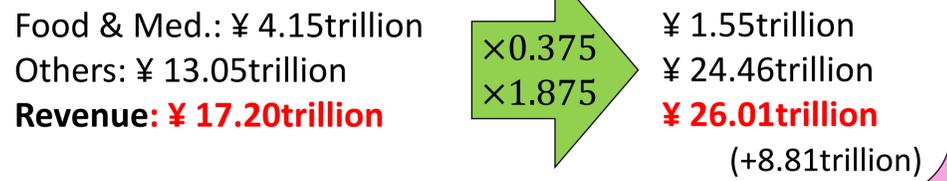


Tax Improvements

1) Lower income taxes by 80% for people earning less than ¥8million_(year)



2) Raise consumption taxes to 15% & Reduced consumption tax rates of 3% for food and medicine



Burden of Citizens

Burden of Citizens(BoC):

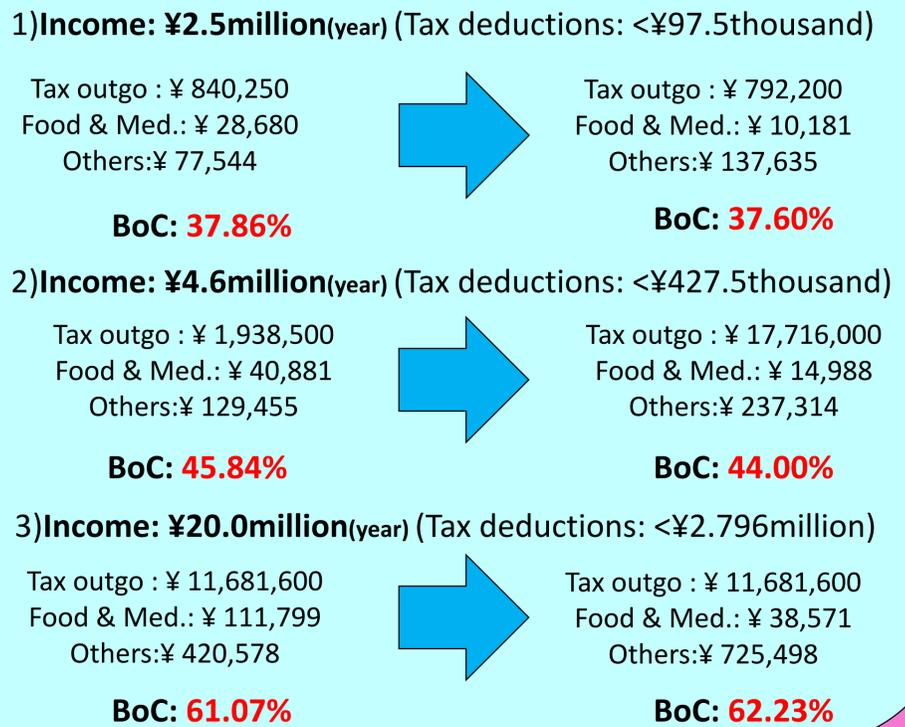
The proportion of tax outgo in one's annual income.

Calculating BoC

1. Subtract tax deductions from annual income
2. Calculate income taxes, residence taxes and social security fees based on 1.
3. Subtract 2. from 1. to determine the take-home pay
4. Calculate consumption taxes based on 3.
5. Calculate BoC based on figures above

- ※Determine food expenses based on Engel's coefficient
- ※Hypothesizing that the expense rate will change from 80% to 70% based on the tax revision in 2014 (5→8%)

Results and Comparison



Conclusion

From the results above, the proposed tax improvements will raise tax income by ¥7.09trillion which is more than enough to cover for the proposed six policies that cost ¥1.81trillion. Also, from the BoC results, it is evident these policies can solve Japan's ageing population issues with a negligible effect on citizens financially, thus saving Japan from the crisis it is facing. Furthermore, these methods, especially regarding the concept of "Burden of Citizens"(BoC) may prove to be extremely useful worldwide as a means for a country to determine beforehand the effects and probability of new taxes.

Reference

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