

Creation of a gift tax exemption measure for one-time cash gifts related to marriage and childcare

In light of the situation in which future economic concerns have become one of the major factors for the younger generation hesitating about marrying or giving birth, a new tax exemption measure was created in April 2015. Through the early movement of assets from parents, grandparents, and other lineal ancestors to their children, grandchildren, and other lineal descendants, the measure aims to support marriage, childbirth, and child-rearing, by exempting up to 10 million yen per child/grandchild, etc., (up to 3 million yen for marriage-related expenses), in cases in which cash gifts for marriage and childbirth are given in lump sums by parents, grandparents, and other lineal ancestors to their children, grandchildren, and other lineal descendants. This measure is applicable to cash gifts given during the four years from April 1, 2015 to March 31, 2019.

The specific mechanism is as follows: Children, grandchildren, and other lineal descendants (donees) who have received cash gifts for marriage and childcare from their parents, grandparents, and other lineal ancestors (donors) conclude “management contracts for funds for marriage and childcare” with financial institutions and make deposits. When a donee makes payments related to marriage, childbirth, or child-rearing, he or she should submit receipts or other documents to the financial institution and receive withdrawals from a dedicated bank account upon confirmation from the financial institution. (It is possible to choose another method, in which a donee receives payments from the dedicated account in advance and receives confirmation later from the financial institution upon submitting receipts and other documents.)

Note that the dedicated bank account is to be closed on the day when the donee reaches 50 years of age. If there is a bank balance that has not covered expenses for marriage or childcare on the expiry date, gift tax is to be levied on the relevant amount left in the bank account. In addition, in cases where a donor who might be a parent, grandparent, or other lineal ancestor dies before the expiry date, and there is a balance that has not been spent for marriage or childcare in

the account on the day of donor’s death, the relevant unspent amount is to be subject to inheritance tax, as it is considered to be acquired from the donor by way of inheritance or as a testamentary gift.

Non-taxable expenses

1. Marriage-related expenses

Marriage-related expenses include (i) costs necessary for a wedding such as a those for a wedding ceremony, rent for the venue, costs for wedding outfits, and costs for food and drink for which payments have been made since one year before the date of marriage registration, (ii) costs necessary for a new dwelling to rent to mark the start of married life, such as rent, a refundable security deposit, fees paid for rental rights, communal charges, and brokerage commission charges that are related to a rental contract concluded during the period from one year before to one year after the date of marriage registration, as well as charges that are paid by the date when three years have elapsed from the date of conclusion of the contract, and (iii) relocation costs spent by a donee to move and start a new married life during the period from one year before to one year after the marriage registration date.

2. Expenses related to pregnancy, childbirth, or child-rearing

Expenses related to pregnancy and childbirth include (iv) costs necessary for fertility treatments including artificial insemination, (v) costs necessary for health checkups for pregnant women, (vi) costs necessary for childbirth including costs for delivery, hospital stays, newborn baby management care, and examinations and drugs, and (vii) costs necessary for postnatal care that are paid within one year from the date of childbirth.

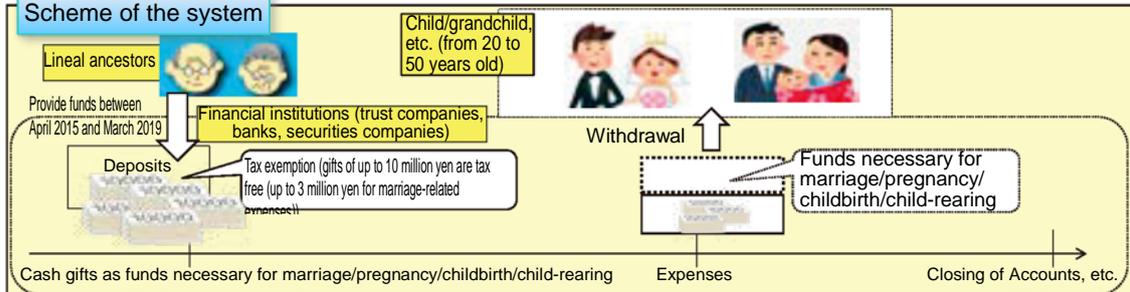
Expenses related to child-rearing include (viii) costs necessary for medical treatment for children such as fees for treatment, vaccination and immunization, and medicines, all for preschool children, and (ix) costs necessary for child-rearing such as childcare fees and babysitters’ fees, for preschool children.

Outline of the gift tax exemption measure for one-time cash gifts related to marriage and childcare

Outline of the system

- When a lineal ancestor (donor) deposits necessary funds for marriage/pregnancy/childbirth/child-rearing into a bank account under the name of his/her child, grandchild, or other lineal descendant (donee), a certain amount from the funds is exempted per child/grandchild, etc.

Scheme of the system



Purposes for which the funds are used

- [Marriage-related expenses] • Costs for the wedding, etc., new home, and relocation
- [Expenses related to pregnancy/childbirth/child-rearing]
- Costs for fertility treatment, childbirth, and postnatal care
 - Costs for child's medical treatment, childcare costs (including babysitters' fees)

Taxation on the amount left in the bank account

- If the donor dies before the expiry date, the unspent amount is added to inherited assets.
- When a donee reaches 50 years of age, the tax exemption ends. Gift tax is levied on any balance in the account.

Outline of the gift tax exemption measure for one-time cash gifts related to marriage and childcare

Efforts leveraging the Comprehensive Support Model Project for Pregnancy/Childbirth

General introduction

In recent years, due to the nuclearization of families and the weakening of ties within and between local communities, it is thought that their ability to assist expectant and nursing mothers and their families has weakened, resulting in an increase in anxieties and burdens for expectant and nursing mothers regarding pregnancy, childbirth, and child-rearing.

In order to respond to these circumstances, it is important to strengthen support at the regional level to make it seamless over the period covering marriage, pregnancy, childbirth, and child-rearing. The Ministry of Health, Labour and Welfare (MHLW) created the Comprehensive Support Model Project for Pregnancy/Childbirth comprising the following three projects in FY 2014 and started implementing the projects in 29 municipalities.

- (1) The Consultation Support Project for Maternal and Child Health connects expectant and nursing mothers and other persons concerned with relevant institutions that are conducting consultation services and support for them regarding various worries about maternal and child health and child-rearing in response to their needs for support.
- (2) The Support Project for Women before and after Childbirth provides support including professional consultations with maternity nurses and other experts as well as having those who have experienced child-rearing or members of older generations in the community available to talk with, in order to eliminate the sense of isolation and anxieties about childcare that expecting and nursing mothers and others concerned feel.
- (3) The Support Project for Postnatal Care provides women who need rest and care just after delivery with fine-tuned support such as care for their minds and bodies and support for child-rearing, as well as time for rest.

In this column, we would like to introduce an

effort that leverages this project and other existing projects for maternal and child health.

Kasugai City, Aichi Prefecture

–Aiming to enrich support focusing on care for expectant and nursing mothers to make it seamless–

- A mom enjoys bath time with a relaxing soak in the bathtub. After the bath, she blows-dry her hair and puts on makeup at the vanity.
- “Please take a good rest,” says a staff member, guiding a mom to the bedroom.
- “Use this cushion, and you can do that easily,” says a staff member to a mom nursing her baby.

These scenes are often seen at Care for Expectant and Nursing Mothers –San San Room– (daycare service-type).

This project started in June 2014 with two pillars: “provision of a comfortable space” and “consultation provided by experts,” in addition to the projects for maternal and child health that had been previously conducted. The San San Room has a dedicated salon-type space (about 300 m²) that includes bathrooms, shower rooms, living rooms, and bedrooms. It has received favorable comments from users, for example, “I slept soundly for the first time after giving birth,” “Their words and services were warm-hearted, which made me relaxed,” and “I was able to have time away from my child, which made me think that I would do my best in child-rearing.”



Positioning this project as the core of its maternal and child health care services, Kasugai City, Aichi Prefecture will establish seamless, fine-tuned support systems and develop projects for maternal and child health by focusing on “mothers,” rather than “mothers and children,” in order to support them separately from their children, which reduces the everyday tension, burdens, and anxieties of mothers that are due to child-rearing, enabling mothers to actively handle child-rearing.

Conclusion

The MHLW will further continue with efforts for the Consultation Support Project for Maternal and Child Health, as one of the projects included in the Comprehensive Support Model Project for Pregnancy/Childbirth in FY 2015, to provide support more finely tuned to the needs of expecting and nursing mothers with a view to

conducting seamless support over the period from pregnancy to child-rearing as follows: (i) establish a Comprehensive Support Center for the Child-rearing Generation as a one-stop base for easy access to support services which are independently conducted by various institutions; (ii) at the support center, coordinators such as public health nurses continually grasp the state of every expecting and nursing mother in terms of body and mind, the state of the support they receive from their surroundings, the results of health checkups such as prenatal checkups and medical examinations for infants, and the details of health instructions given, to connect that information with relevant institutions that provide various services including maternal and child health care services and child-rearing services; (iii) it will formulate a tailored support plan for those who especially need considerable support in cooperation with relevant institutions.

Support of Children and Child-rearing in the Areas Affected by the Great East Japan Earthquake, etc.

1. Situations surrounding children affected by the Great East Japan Earthquake

The Great East Japan Earthquake occurred on March 11, 2011, and caused unprecedented damage. As of March 11, 2015, in the three most severely damaged prefectures of Iwate, Miyagi and Fukushima, 15,821 dead bodies had been found and given postmortem examinations. Out of those 15,821 people, 15,738 were identified, and of those identified, 468 were nine years old or younger, and 425 were between 10 and 19 years old. As of March 1, 2014, when analyzing the numbers for children who had lost at least one parent because of the Earthquake Disaster, 241 had lost both parents and became orphans (94 in Iwate Prefecture, 126 in Miyagi Prefecture and 21 in Fukushima Prefecture), while 1,514 children lost one of their parents (488 in Iwate Prefecture, 871 in Miyagi Prefecture and 155 in Fukushima Prefecture).

Furthermore, 21,775 students from schools in the disaster stricken areas were accepted and enrolled in other schools (including the three tremendously damaged prefectures of Iwate, Miyagi, and Fukushima). Here is the breakdown of those 21,775 children in regard to the type of schools in which they were enrolled: 2,657 in kindergartens, 12,155 in elementary schools, 5,242 in junior high schools, 1,509 in high schools, 14 in secondary schools, and 198 in schools for special needs education. These values are as of May 1, 2014 and include the total number of such students in both public schools and private schools, and also include the number of students accepted into schools within the same prefectures. Out of the total 21,775 students, the number of students in Iwate Prefecture, Miyagi Prefecture, and Fukushima Prefecture who were accepted into schools in other prefectures was 11,452, 285 from Iwate Prefecture, 1,400 from Miyagi Prefecture, and 9,767 students from Fukushima Prefecture. These values are as of May 1, 2014 and include the total number of students in both public schools and private schools.

In addition, property damage caused by the

earthquake affected 941 kindergartens, 3,269 elementary schools, 1,700 junior high schools, 7 secondary education schools, and 186 schools for special needs education (as of September 14, 2012).

2. Support of children and child-rearing in the Areas Affected by the Great East Japan Earthquake, etc.

1) Promotion of support for children based on the Comprehensive Measures for Support to Disaster Victims (Health Support and Livelihood Support)

Designating the Minister for Reconstruction as its chairman, a task force composed of director-general level officials from relevant office, ministries, and bureaus formulated the Comprehensive Measures for Support to Disaster Victims (Health Support and Livelihood Support) on January 23, 2015. Providing support for children who have been influenced by the disaster in various ways is one of the pillars of the Comprehensive Measures, and comprehensive support for children who suffered from the disaster are provided using the Comprehensive Funds for Support for the Health and Livelihoods of Disaster Victims, which was newly founded in FY 2015. At the same time, projects supporting children continue to be conducted in a wide variety of fields by continuing to make efforts regarding their mental health care and by providing learning support.

2) Formulation of the Basic Framework on the Promotion of Support Measures for the Lives of Disaster Victims

In October 2013, the Basic Framework on the Promotion of Support Measures for the Lives of Disaster Victims, in which various support measures for the lives of disaster victims including children were incorporated, was approved by the Cabinet and reported to the Diet, based on the Act on Promotion of Support Measures for the Lives of Disaster Victims to Protect and Support Children and Other Residents Suffering Damage due to the Tokyo Electric Power Company's Nuclear Accident (Act No. 48 of 2012). Based on this Framework, measures are

being taken to support improving the lives of disaster victims.

3) Efforts for the creation of the New Tohoku
In the Tohoku Region, the issues that many regions are currently facing, such as having a declining population, an aging population, and struggling with deindustrialization, had already been noticeable before the Earthquake Disaster occurred. Therefore, efforts are being made to create a New Tohoku, which will serve as a reference for Japan and other countries. This will be accomplished by overcoming the issues these areas faced before the Earthquake, rather than merely recovering the state of the Region as it was prior to the Earthquake Disaster. Specifically, several initiatives are currently being conducted, including the Leading Model Projects for the New Tohoku which is accelerating the pioneering efforts made by a wide-range of entities, such as companies, universities, and NPOs.

In disaster stricken areas, several problems have arisen as a result of the disaster, including a decrease in the number of children who play outside and increased stress levels in children caused by changes in their living environments. When solving such problems, it is important to proceed with the creation of a safe society in which people can watch the growth of energetic and sound children through the creation of places for children to play and exercise and through the development of human resources who can support the growth of children in terms of both their physical and mental care.

The trailblazing efforts of the New Tohoku (FY 2014) are providing supports for contributing to the revitalization of local communities, for making use of common spaces in the public housing provided to disaster victims and for having play leaders (instructors) obtain specialized skills to support children (such as mental health care and nutritional education) in a multilateral manner, so as to expand such opportunities into various regions as a part of an ongoing, sustainable effort.

3. Examples of support for child-rearing in disaster stricken areas

In the areas affected by the Great East Japan Earthquake, entities such as local governments, NPOs, and volunteer groups continue to provide support for children and people who are rearing children.

Efforts made by organizations that support child-rearing, etc. (Kesen Area in Iwate Prefecture)

In the Kesen Area (Ofunato City, Rikuzentakata City, and Sumita Town), located in the southern coastal areas of Iwate Prefecture, entities such as child-rearing support organizations suffered

severe damage including the loss of activities facilities washed away by the Tsunamis caused by the Great East Japan Earthquake on March 11, 2011. However, they have since resumed their activities, receiving support from entities in various fields.

In the month following the earthquake, the Plaza for Parents and Children: Kirarin (Shining) Kids, (currently Kirarin Kids, NPO), in Rikuzentakata City resumed its activities at the library of the Rikuzentakata City Dai-ichi Junior High School, which was the largest-scale shelter in the City at that time. Ever since then, it has been supporting child-rearing in local communities, and conducting diverse activities such as seasonal events, seminars on child-rearing, and the Men's Cooking Class. In FY 2014, it held a child-rearing course called Nobody's Perfect, which is a program used in Canada for providing training on parenting for parents, which provided supports for various activities such as empowering the parents themselves, helping them to acquire child-rearing skills, eliminating the oppressive feelings caused by their prolonged lives as disaster survivors, and providing opportunities for parents to make friends and carry out various activities. Also, the Mother & Baby Workshop Ofunato Rikuzentakata: Kosodate-ship in Ofunato City is proactively providing support from the viewpoint of protecting mothers and babies, such as organizing itinerant visits to places (including temporary housing) by midwives and by providing counseling on breast feeding and child-rearing by a salon of mothers. The Supporter for Relaxed Child-rearing named Smile and the Child-rearing Circle named Kippin Kids is conducting activities such as reading books to children, providing nutritional education, and conducting traditional events in the Area. In addition, multi-layered activities for supporting child-rearing to meet the diverse needs of citizens are being conducted. Such activities include temporary childcare services provided by the Child-rearing Support organization, Hiyoko, and the Ofunato City Family Support Center (the Ofunato City Council of Social Welfare). In addition, they are providing play spaces and counseling related to child-rearing at facilities such as child-rearing support centers and nursery centers.

The Iwate Prefecture Center for Health, Welfare and the Environment, which has jurisdiction over the Kesen Area, established the Kesen Area Child-rearing Support Promotion Council in FY 2009, before the Earthquake Disaster. The Council consists of entities including the aforementioned organizations, regional child-rearing support centers, the Ofunato City Council of Social Welfare, children's after-school clubs,

and divisions in charge of child-rearing support for municipalities in the Area, and it has been continuously conducting these activities thus far. The Council publishes booklets entitled Connections for Supporting Child-rearing in Kesen Area every year, and provides consolidated information useful for child-rearing, such as information on child-rearing organizations, nursery centers, after-school care for children, daycare nursery services, and organizations that provide counseling and support for children with developmental disorders. The Council distributes the booklets to places such as service counters in municipal governments, venues for health checkups, and places hosting activities conducted by various organizations relevant to child-rearing, so as to promote the dissemination of information on child-rearing and the use of various services. The Council is also strengthening the network systems of relevant organizations for the enhancement of child-rearing environments within the Area, in order to prevent child-rearing under circumstances in which there is no one to rely on in those communities that dispersed as a result of the Earthquake Disaster.



Efforts by the Specified Non-Profit Organization “Adventure Playground Network,” (Sendai City, Miyagi Prefecture)
 The Specified Non-profit Organization named Adventure Playground Sendai-Miyagi Network (hereinafter referred to as the Adventure Playground Network) has been fostering

children’s zest for life through play by providing children opportunities to do what they are eager to do, under the motto of “Play freely, but be responsible.” In Miyagi Prefecture, the Seaside Park Adventure Land, which the Adventure Playground Network was designated to take charge of, was a permanent playground with full-time play leaders who were always carefully watching children. It was very popular with many visitors as an “evolving park” where children were able to utilize their originality and creativity.

Unfortunately, some portions of this park were devastated by the tsunami caused by the Great East Japan Earthquake, and it remains closed today. However, considering psychiatric care for children who have suffered from the earthquake to be of urgent necessity, the Adventure Playground Network launched a service called “mobile playground,” by driving a play van to temporary housing complexes and neighboring parks, community halls, school grounds and other places. Along with this activity, the Adventure Playground Network is conducting a salon



gathering activity to watch over disaster victims as well as to support community revitalization.

Until children come back from elementary and junior high schools, *Chibihiro* a playground for small children is bustling with babies, infants, parents, care givers, and the elderly. The *Chibihiro* has mitigated the concerns of the young generation about their child-rearing abilities, and a feeling of fellowship has developed there. People started conducting tea salon gatherings as well as planning seasonal events on their initiatives. Through these efforts, they have adapted themselves to fit into the local community. It can be said that the children and parents who were evacuated from the coastal areas heavily damaged by the tsunami and affected by the dangers of radioactivity, have finally found a comfortable place in a new land and have become members of the local community.

Four years have passed since the disaster, and the disaster victims are proceeding into a new phase of their lives as they move from reconstruction to restoration. However, this means that newly established relationships in the temporary housing complexes must be temporarily interrupted as steps are taken to reconstruct another community. Such periods involve the resurfacing of various emotions that children and parents had learned to control or tried to forget and may result in both hope and anxiety about adjusting to a new life. Under these circumstances, providing psychiatric care to children at playgrounds where they can remain as they are, is becoming more and more important. The Adventure Playground Network plays a significant role in encouraging children to accept the current realities suffered from the disaster while also helping them gain the power to heal themselves through “play.”

The Adventure Playground Network has also begun efforts to provide playgrounds in the so-called “permanent housing” districts. During activities after the disaster, many cases were found in which adults seeing children playing outdoors also made the adults more active. Providing children with playgrounds will contribute to building a new community as well as to increasing the number of people involved in networking, which will result in energizing both the children and their community.

The efforts for the improvement of children’s physical fitness and the elimination of their obesity (Fukushima Prefecture)

In Fukushima Prefecture, even before the Great East Japan Earthquake, there had been some problems with the decline in children’s physical

fitness levels and the increase in the number of overweight children. After the earthquake, however, a situation has resulted in which people suffer various restrictions to their lives, and the tendency of such problems is becoming pronounced.

In order to improve children’s physical fitness and eliminate obesity, it is important to help them enjoy physical activity at an early age. Therefore, in FY 2014, Fukushima Prefecture has prepared the Program for Fostering Fukushima Play Strength, which helps children enjoy physical activity and establish good exercise habits. At the program, the prefecture introduced play that is appropriate to each child’s developmental age (such as frisky play or group play) and established an environment that naturally induces play; such efforts enable children to foster their physical abilities, their sociality, and their motivation through play. In FY 2015, the prefecture will implement the program at a childcare center as to serve as a reference case, and will include specialists who are assigned to improve play environments and advise desirable play for the development of children.

Also, since FY 2013, along with the motto “Play freely, but be responsible,” Fukushima Prefecture has conducted the Effort Adventure Field, where children can play freely and actively under the supervision of local adults and activity leaders. Children can use natural elements such as dirt, wood, water, and fire, while utilizing outdoor spaces such as vacant areas. This enables children to foster independence and a “can-do spirit” through unique play in which they feel self-motivated as result of the limited restrictions on their play. In FY 2014, such efforts were conducted at six sites throughout Fukushima Prefecture. In FY 2015, the prefecture will work on creating a network between Adventure Fields and other relevant measures.

When implementing Adventure Field, the prefecture also measures radiation doses of the site and discloses that information to the public in advance. One comment from an after-school



children's club, stated that children can now fully enjoy outdoor play that they usually could not.

Fukushima Prefecture will continuously make efforts to improve children's physical fitness and to eliminate obesity by establishing an environment in which children can play and exercise with ease.

