

Joint Statement Urging Expeditious Extension of the Net Operating Loss (NOL)
Carry Forward Period and Revival / Extension of NOL Carry Back

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Nippon Keidanren

The American Chamber of Commerce in Japan (ACCJ)

The European Business Council in Japan (EBC)

1. The Japanese economy has been in a difficult situation since the onset of the global economic and financial crisis last year. A large number of corporations, across all industries, have incurred losses and significant cutbacks in capital investments are expected to continue.
2. Getting the economy on track for a smooth, private-sector led recovery is the first priority. In order to achieve this goal, it is critical to create an environment in which companies, both inside and outside of Japan, are able to continue to make necessary investments.
3. In the current environment, extension of the NOL carry forward period and revival / extension of NOL carry back will provide effective and immediate stimulus to companies, regardless of industry or size. Such measures will benefit all types of companies and ventures, Japanese and foreign-owned alike.
4. The current NOL carry forward period in Japan is seven years. In comparison with the 20-year carry forward period of the United States and the indefinite carry forward periods of countries such as the United Kingdom, France, Germany, Australia and others, Japan is far more restrictive. In addition, the NOL carry back has been suspended although the system is provided for under the Corporation Tax Law. While the carry back was revived in the 2009 tax reform for small and medium enterprises, it should be made available to all corporations.
5. We urge extension of NOL carry forward period and revival / extension of NOL carry back be enacted as expeditiously as possible. Similarly, we urge each political party to include these measures in the manifestos being developed for the upcoming election.

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