

Reiwa 8 Ibaraki Prefecture Outlines for the Granting of Subsidy for Foreign-Capital Enterprises, etc.

(Purpose)

Article 1 The governor, aiming to promote the revitalization of this prefecture and to foster innovation and creation of jobs by means of nurturing the integration of foreign-capital enterprises, etc. that employ outstanding human resources and technologies, shall grant subsidies for foreign-capital enterprises, etc. starting up activities in the prefecture, within the range foreseen by the budget available. The aforementioned subsidies shall be specified both in the Ibaraki Prefecture Regulations for the Granting of Subsidy (Ibaraki Prefecture Regulation No. 67 of 1961, hereinafter referred to as “Regulation”) and in these Outlines.

(Definitions)

Article 2 In these Outlines, the definition of the terms set forth in each of the following items shall be as shown in the relevant item.

(1) Foreign-capital enterprises, etc.

- i. Foreign-capital enterprises (A corporation established in accordance with the laws and regulations of Japan in which a foreign company owns more than one-third of the shares or equity.)
- ii. Enterprises equivalent to foreign-capital enterprises (A corporation in which a foreign company owns all of its shares or equity.)
- iii. Foreign enterprises (meaning any corporation that has been established in accordance with the laws of a foreign country.)

(2) Offices, etc.

Facilities or subsections of facilities utilized as office, laboratory, place of business, etc. of foreign-capital enterprises, etc. in which work is usually conducted by at least one person (however, except residences, stores, and accommodation facilities.)

(3) Incorporation expenses

- i. Market research expenses upon incorporation, etc.
- ii. Expenses with various notification forms upon incorporation, etc.
- iii. Expenses with acquisition of status of residence
- iv. Concerning items (i) through (iii) above, translation and interpretation fees in addition to sundry expenses (travel expenses, supplies expenses, etc.)

(4) Rental fees

Rental fees paid periodically to a lender by a party who is renting offices, etc. in execution of a rental contract established between the lender and the party renting the offices, etc. (except amount equivalent to common service fees, consumption tax, and local consumption tax) (a period of up to 12 months starting from the day written in the rental contract as the initial day of the rental period (hereinafter referred to as “subsidy target period”) shall be regarded as target of the subsidy. However, in the case of a) entering the rented space in the middle of a month, of b) exiting the rented space in the middle of a month, or of c) paying the rental fees for multiple months in a lump sum, the amount regarded as target of the subsidy shall be the number of months target of the subsidy between April 1st and March 31st of the subsequent year (hereinafter referred to as “fiscal year”) multiplied, respectively, by a) the rental fees of the subsequent month, by b) the rental fees of the preceding month, or by c) the lump sum divided by the number of corresponding months paid for. Further, in the case of moving to different offices, etc. within the

prefecture during the subsidy target period, the rental fees for a total of up to 12 months shall be regarded as target of the subsidy.)

(5) Research and development expenses

Human resources expenses, outsourcing expenses, supplies expenses, depreciation expenses, etc. concerning research and development by foreign-capital enterprises, etc.

(6) Collaborational research trial expenses

Human resources expenses, outsourcing expenses, supplies expenses, etc. concerning collaboration research between foreign enterprises and university, research institutions, and companies in Ibaraki.

(Target parties of the subsidy)

Article 3 Target parties of the subsidy, target expenses of the subsidy, and percentage of the subsidy (amount) shall be as in the following table.

Target party of the subsidy	Target expense of the subsidy	Percentage of subsidy (amount)
Foreign-capital enterprises, etc. establishing new offices, etc. in Ibaraki Prefecture	Incorporation expenses	Within 50% (within 2 million yen)
	Rental fees	Within 50% (within 2.4 million yen)
	Research and development expenses	Within 25% (within 2 million yen)
Foreign-capital enterprises, etc. engaging in new collaboration research with university, research institutions, and companies in Ibaraki.	Collaborational research trial expenses	Up to 2 million yen

(Note 1) In principle, the eligible expenses do not include consumption tax, local consumption tax, and foreign value-added tax.

(Note 2) When the subsidy amount includes a fraction of less than one yen, it is to be rounded down.

2 In addition to the matters listed in the preceding paragraph, target parties of the subsidy shall be those enterprises who fulfill all of the following items.

(1) The enterprise's business activities must not fall under any of the following.

- i. Those provided for in Article 2, item (i), or in item (iii) of the same Article of the Ibaraki Prefecture Ordinance for Eliminating the Organized Crime Groups (Ibaraki Prefecture Ordinance No. 36 of 2010.)
- ii. Those pertaining to operating activities set forth in Article 2, paragraph (1), from paragraph (4) to paragraph (11), and paragraph (13) of the Act on Control and Improvement of Amusement Business, etc. (Act No. 122 of 1948.)
- iii. Those pertaining to business related to religious activity, or to political activity.

(2) Is not a person who has become delinquent in the payment of national tax or local tax.

(3) Is not a person who has been target of suspension measures based on the Ibaraki Prefecture standards for suspension of registered contractors for procurement of goods etc.

- (4) Is not a person who has filed an application for commencement of rehabilitation proceedings based on the Corporate Reorganization Act (Act No. 154 of 2002), and is not a person who has filed an application for commencement of rehabilitation proceedings based on the Civil Rehabilitation Act (Act No. 225 of 1999.)
- (5) Has not already been granted the Ibaraki Prefecture subsidy for foreign-capital enterprises, etc. (except ongoing business activities continuing from the previous fiscal year.)
- (6) Is not the target of other, overlapping subsidy systems.

(Application for subsidy grant)

Article 4 The person who intends to receive the subsidy must, on each fiscal year, submit the Subsidy Grant Application Form (Form No. 1) to the governor.

(Decision etc. for subsidy grant)

Article 5 In the case an application as provided for in the preceding Article has been filed, the governor shall examine its contents and, when finding the relevant application's contents to be appropriate, the governor shall notify the applicant via the Written Notice for Decision to Grant the Subsidy (Form No. 2.)

- 2 In the case the governor decides to grant the subsidy, he/she shall attach conditions to the relevant subsidy when necessary in order to achieve its objectives.
- 3 When the governor finds the subsidy grant to be inappropriate as a result of the examination referred to in paragraph (1), he/she shall notify the applicant via the Written Notice for Decision to Not Grant the Subsidy (Form No. 3.)

(Application withdrawal period)

Article 6 The date determined by the governor in Article 8, paragraph (1) of the Regulation shall be within 20 days from the date when the Written Notice for Decision to Grant the Subsidy referred to in the preceding Article is received.

(Changes in the contents of the subsidized business activities, etc.)

Article 7 When a person who has received a notification with the decision to grant the subsidy as prescribed in Article 5, paragraph (1) (hereinafter referred to as "subsidized enterprise") intends to change, suspend, or abolish the business activities which were target of the relevant subsidy grant, the person must submit to the governor the Application Form for Approval of Change/Suspension/Abolition of Contents in Subsidy Grant Decision (Form No. 4) and obtain the governor's approval in advance. Provided, however, that the changes are not pertaining to a reduction of 20% or less of the target expenses of the subsidy.

- 2 In the case an application as provided for in the preceding Article has been filed, and when the governor finds the application suitable for approval, he/she shall notify the applicant to that effect via the Written Notice for Approval of Change/Suspension/Abolition of Contents in Subsidy Grant Decision (Form No. 5.)

(On-site investigation etc.)

Article 8 If necessary, the governor may conduct an on-site investigation regarding the subsidized activity, as well as request submission of reports on the implementation status of the subsidized activity.

- 2 In the case of the matters set forth in the preceding paragraph, the subsidized enterprise shall, in good faith, cooperate with it.

(Estimated proceeds payment)

Article 9 The governor, after having determined the subsidy amount to be granted as prescribed in the preceding Article, shall grant the subsidy. However, when he/she finds it necessary for the smooth operation of the subsidized activity, the governor may perform an estimated proceeds payment within 90% of the subsidy amount ruled to be granted.

2 When the subsidized enterprise intends to receive the estimated proceeds payment prescribed in the preceding paragraph, it shall submit to the governor a Written Request for Settlement (Estimated Amount) Payment of Subsidy Amount (Form No. 6) stating the reasons for requiring the estimated proceeds payment.

(Results report)

Article 10 When the subsidized activity has been concluded in each fiscal year (including when the subsidized activity has been suspended or abolished), the subsidized enterprise must submit to the governor the Subsidized Activity Results Written Report (Form No. 7) within 30 days from the day the subsidized activity has been concluded or by March 31 of the relevant fiscal year, whichever is earlier.

2 The subsidized enterprise that has received the estimated proceeds payment as prescribed in the preceding Article must, when submitting the Subsidized Activity Results Written Report described in the preceding paragraph, also submit a settlement statement for the estimated proceeds payment (Form No. 102 as prescribed in the Ibaraki Prefecture Financial Regulations (Ibaraki Prefectural Notification No. 404 of 1993)).

(Notification on ruling of subsidy amount)

Article 11 In the case a results report as provided for in the preceding Article has been filed, the governor shall examine its contents and, when finding them appropriate, he/she shall determine the amount to be granted as subsidy and notify the applicant via the Written Notice on Ruling of Subsidy Amount (Form No. 8.)

(Rescission of the subsidy grant decision)

Article 12 When the subsidized enterprise falls under any of the following items, the governor may rescind the subsidy grant decision either in full or in part.

- (1) When the grant decision has been received by means of a false application or other wrongful acts
- (2) When there has been a violation of these Outlines or of any instruction under its provisions

2 The provisions of the preceding paragraph shall also apply after the amount of the subsidy to be granted for the subsidized activity has been determined.

3 When the governor has made a rescission as prescribed in paragraph (1), he/she shall notify the subsidized enterprise promptly to that effect via the Written Notice for Rescission of Decision to Grant the Subsidy (Form No. 9.)

(Return of subsidy)

Article 13 In the case the governor performs a rescission as prescribed in the preceding Article, paragraph (1), and when subsidy for a part of the subsidized activity pertaining to the relevant rescission has already been granted, he/she must order the subsidized enterprise to return it.

2 When the governor has determined the subsidy amount to be granted to the subsidized enterprise, and if the subsidy amount already granted exceeds that determined amount, the governor shall set a deadline and order the return of the excess amount.

- 3 When the governor has ordered the subsidized enterprise to return the subsidy with regard to a rescission as prescribed in the preceding Article, paragraph (1), he/she shall also order the payment of an additional charge equivalent to the relevant subsidy amount (or, with regard to the period after part of the amount has already been paid, the amount that remains after deducting the amount already paid) multiplied by the ratio of 10.95% per annum, according to the number of days past from the day the subsidy pertaining to the return order is granted until the day it is returned.
- 4 When the subsidized enterprise has been ordered to return the subsidy and it is not returned until the time limit, the governor shall also order the payment of a delinquency charge equivalent to the amount outstanding (or, with regard to the period after part of the amount has already been paid, the amount that remains after deducting the amount already paid) multiplied by the ratio of 10.95% per annum, according to the number of days past from the day following the time limit until the day it is returned.

(Preservation of documentary evidence)

Article 14 The subsidized enterprise must organize books and other documentary evidence pertaining to the subsidized activity, and preserve them for a period of 5 years counting from the fiscal year following the fiscal year in which the relevant subsidized activity has been concluded.

(Other provisions)

Article 15 Other necessary matters with regard to the implementation of these Outlines shall be specified separately by the governor.

This outline shall go into effect April 1, 2026.