

Guideline for Repayment Forgiveness of Temporary Loan Emergency Funds and Other Special Loan Funds that are Especially Granted to Address the Impact of the COVID-19 Pandemic

In line with our decision to provide repayment forgiveness of temporary loan emergency funds and other special loan funds, we have set forth that a loan borrower is deemed to be eligible for forgiveness if both the loan borrower and the head of its household are exempt from municipal tax. Repayment forgiveness will be applied for all loans of the same type at once. The details are shown below.

Key Points for Repayment Forgiveness

- ✓ A loan borrower may be entitled to repayment forgiveness for all loans of the same type at once: (1) Temporary Loan Emergency Funds; (2) Comprehensive Support Funds (Initial Loan); (3) Comprehensive Support Funds (Additional Loan); and (4) Comprehensive Support Funds (Relending).
- ✓ If a loan borrower and the head of its household are exempt from municipal tax, the loan borrower is deemed to be eligible for repayment forgiveness, regardless of whether other household members are exempt from municipal tax.
- ✓ The forgiveness period and tax requirements vary depending on the type of fund. Please see the figure below for further details.
- ✓ In addition to the above, a loan borrower may be entitled to repayment forgiveness in whole or in part if, during repayment, he/she becomes unable to continue to make repayment due to circumstances such as death, disappearance or personal bankruptcy.
- ✓ The deferment period will be extended for each fund.

Forgiveness Period and Tax Requirements

		1st Year (FY2022)	2nd Year (FY2023)	3rd Year (FY2024)	Tax Requirements
(1) Temporary Loan Emergency Funds		¥200,000			Exempt from municipal tax for FY2021 or FY2022
Comprehensive Support Funds	(2) Initial Loan	¥450,000 (Single person in a household) ¥600,000 (Two or more persons in a household)			
	(3) Additional Loan		¥450,000 ¥600,000		Exempt from municipal tax for FY2023*
(4) Comprehensive Support Funds (Relending)				¥450,000 ¥600,000	Exempt from municipal tax for FY2024*

* We will follow up to ensure that eligible people continue to be supported by independence consultation and support centers or other organizations after they become exempt from repayment.

Extending the Deferment Period

(Note) This table does not apply if a loan borrower sets a shorter period of deferment. A loan borrower who is eligible for deferment will be contacted by a staff member of the Council of Social Welfare.

(1) Temporary Loan Emergency Funds		When the repayment period begins before the end of December 2022: <u>To be extended to the end of December, 2022 (the repayment period begins in January 2023).</u>
Comprehensive Support Funds	(2) Initial Loan	When the repayment period begins before the end of December 2023: <u>To be extended to the end of December, 2023 (the repayment period begins in January 2024).</u>
	(3) Additional Loan	
(4) Comprehensive Support Funds (Relending)		When the repayment period begins before the end of December 2024: <u>To be extended to the end of December, 2024 (the repayment period begins in January 2025).</u>

Questions and Answers About Repayment Forgiveness of Special Loan Funds

Q1: How can I apply for forgiveness of repayment?

A1: Before the repayment period begins (which means during the deferment period), a loan borrower will be contacted directly by a staff member of the Council of Social Welfare and informed about how to apply for repayment forgiveness based on the exemption of municipal tax. Once you hear from the council, please submit necessary documents to the Council of Social Welfare to apply for repayment forgiveness.

Q2: How can I find whether I am exempt from municipal tax?

A2: You can confirm the taxation status by obtaining a certificate of tax exemption from the town or city you reside in. It is usually possible to obtain the tax information for each fiscal year in June or thereafter. For more details, please contact your local government office.

Q3: Why is the full amount of repayment not subject to forgiveness at once?

A3: As a way to offer the special loans, we have fixed the period of loan and have granted funds depending on the type of loan: Temporary Loan Emergency Funds and Comprehensive Support Funds (Initial Loan/Additional Loan/Relending). Taking into account the amount and order of the loan, we have determined that repayment forgiveness should be applied to each individual type of loan at once. This determination is made also based on the amount and period of repayment if an applicant loan borrower is denied for forgiveness.

Q4: Is an exemption from only an income-based portion of municipal tax included in the scope of exemption from municipal tax?

A4: No, it is not.

Q5: If a loan borrower and the head of its household are exempt from municipal tax for different fiscal years, is the loan borrower eligible for forgiveness of repayment of Temporary Loan Emergency Funds and Comprehensive Support Funds (Initial Loan)?

A5: No, it is not. A loan borrower and the head of its household must be exempt from municipal tax for the same fiscal year to be eligible for forgiveness.