GHQ/SCAP Records(RG 331)
Description of contents

(1) Box no. 2207

(2) Folder title/number : (16)
Finance Ministry Bills - 12th Diet

(3) Date : Nov. 1951 - Feb. 1952

(4) Subject :

Classification	Type of record
500	d, m, v

(5) Item description and comment :

(6) Reproduction : (Yes) No

(7) Film no. Sheet no.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.:

Maj Norris
26-6076

Note No. 1

From: Govt Sec To: Signal Section Date: 13 November 1951

1. Immediate introduction of the attached draft bill in the Diet is proposed by **Finance Ministry.**

2. Your prompt comment is requested.

1 Incl
Amends to the Law concerning Compensation for National Public Service Personnel in Special Government Service (Revised text)

F. R.

NRCherrigan/26-6147

From: Signal Section To: Govt Section Date: 21 NOV 1951

2

Signal Section has no objection to the immediate introduction in the Diet of the attached draft bill as proposed by the Finance Ministry.

1 Incl
n/c

- E. F. H. - - - - - - - - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.: Maj Norris 26-6076

Note No.	
1	From: Govt Sec To: ESS Date: 13 November 1951 1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. * 1 Incl Amends to Law concerning Compensation for National Public Service Personnel in Special Government Service (Revised text) F. R.
2.	A.R.DeAngelis, 26-6148 WFM/EMR/JCG/ARD/zl From: ESS To: Govt Sec Date: 19 NOV 1951 There is no objection to the introduction in the Diet of the draft bill covering Amendments to Law concerning Compensation for National Public Service Personnel in Special Government Service (revised text). 3 Incls: Added 2 incls 2. C/N fr Govt Sec to ESS, 1 Nov 51 w/incl 3. C/N fr Govt Sec to ESS, 3 Nov 51,w/incl - W. F. M. - - - - - - - - - - - - - - - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.:

Maj Norris
26-6076

Note No.	
1	From: Govt Sec To: ESS Date: 13 November 1951 1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Amends to Law concerning Compensation for National Public Service Personnel in Special Government Service (Revised text) F. R.
2.	010(13 Nov 51)ESS/FIN A.R.DeAngelis, 26-6148 WFM/EMR/JCG/ARD/zl From: ESS To: Govt Sec Date: 19 NOV 1951 There is no objection to the introduction in the Diet of the draft bill covering Amendments to Law concerning Compensation for National Public Service Personnel in Special Government Service (revised text). 3 Incls: Added 2 incls 2. C/N fr Govt Sec to ESS, 1 Nov 51 w/incl 3. C/N fr Govt Sec to ESS, 3 Nov 51,w/incl - W. F. M. - - - - - - - - - - - - - - - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.:

Maj Norris
26-6076

Note No.	From: Govt Sec	To: ESS	Date: 1 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Bill for Partial Amends to Law concerning Compensation for National Public Service Personnel in Special Government Service		

Incl 2

F. R.

6015

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Maj Norris
26-6076

File No.:

Note No.	
1	From: Govt Sec To: ESS Date: 3 November 1951 1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry 2. Your prompt comment is requested. 1 incl: Amendment to Law re: Compensation for National Public Service Personnel in Special Government Service Revised text F. R. 6047

Incl 3

Revised FOMNO.27

Appendix No. 1

Title of Position	Monthly amount of salary
Prime Minister	80,000 yen
Ministers of State Personnel Commissioners and Auditors Chief Librarian of the National Diet Library Commissioners of the National Public Safety Commission Chairman of the National Election Administration Commission	64,000 yen
Director of the Cabinet Secretariat Secretary-Generals of the House of Representatives and the House of Councillors Chairman of the Fair Trade Commission Chairman of the Local Finance Commission Chairman of the Public Utility Commission Chairman of the Local Administration Investigation Committee Chairman of the Foreign Exchange Control Commission Chairman of the Statistics Commission Chairman of the Radio Regulatory Commission Chairman of the Land Coordination Commission Chairman of the Securities and Exchange Commission Chairman of the Cultural Properties Protection Commission Grand Steward of the Imperial Household Agency	60,000 yen
Parliamentary Vice-Ministers Chiefs of the Legislative Bureaus of the House of Representatives and the House of Councillors	57,000 yen

Deputy Directors of the Cabinet Secretariat	
Commissioners of the Fair Trade Commission	
Commissioners of the Local Finance Commission	
Commissioners of the National Election Administration Commission	
Commissioners of the Public Utility Commission	
Commissioners of the Foreign Exchange Control Commission	53,000 yen
Commissioners of the Radio Regulatory Commission	
Commissioners of the Land Coordination Commission	
Chairman of the National Offenders Prevention and Rehabilitation Commission	
Commissioners of the Securities and Exchange Commission	
Members of the Transportation Council	
Grand Chamberlian	
Members of the Local Administration Investigation Committee	
Commissioners of the National Offenders Prevention and Rehabilitation Commission	47,000 yen
Commissioners of the Cultural Properties Protection Commission	
Grand Master of the Empress Dowager's Household	
Grand Master of the Crown Prince's Household	39,000 yen
Grand Master of the Ceremonies	

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.: Maj Norris 26-6076

Note No.	From: Govt Sec	To: ESS	Date: 3 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry 2. Your prompt comment is requested. 1 incl: Amendment to Law re: Compensation for National Public Service Personnel in Special Government Service Revised text F. R.		

GOVERNMENT SECTION
BUCK SLIP

11/1 1951

FROM: P+P

TO:	INITIAL	DATE
___	CHIEF.....	.....
___	EX O.....	.....
___	Special Assistant Nat'l Affairs.....	.....
___	Special Assistant, Local Affairs.....	.....
___	Adm Div.....	.....
___	Par & Pol Div.....	.....
___	Public Adm Div.....	.....
___	Chief Clerk.....	.....
___	File.....	.....
___	.....	.....
___	.....	.....
___	.....	.....

FOR:

Re FOMIN 27 2 Nov 51
GS has no objection if ESS does not object
Enjoy

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
___ COMMENT OR CONCUR
___ RETAIN copy
___ RETURN
___ FILE
___ BURN

cy - ESS

Revised

FOMNO.27

Appendix No. 1

Title of Position	Monthly amount of salary
Prime Minister	80,000 yen
Ministers of State Personnel Commissioners and Auditors Chief Librarian of the National Diet Library Commissioners of the National Public Safety Commission Chairman of the National Election Administration Commission	64,000 yen
Director of the Cabinet Secretariat Secretary-Generals of the House of Representatives and the House of Councillors Chairman of the Fair Trade Commission Chairman of the Local Finance Commission Chairman of the Public Utility Commission Chairman of the Local Administration Investigation Committee Chairman of the Foreign Exchange Control Commission Chairman of the Statistics Commission Chairman of the Land Coordination Commission Chairman of the Securities and Exchange Commission Chairman of the Cultural Properties Protection Commission Grand Steward of the Imperial Household Agency	60,000 yen
Parliamentary Vice-Ministers Chiefs of the Legislative Bureaus of the House of Representatives and the House of Councillors Chairman of the Radio Regulatory Commission	57,000 yen

Deputy Directors of the Cabinet Secretariat	
Commissioners of the Local Finance Commission	
Commissioners of the National Election Administration Commission	
Commissioners of the Public Utility Commission	
Commissioners of the Foreign Exchange Control Commission	
Commissioners of the Land Coordination Commission	53,000 yen
Chairman of the National Offenders Prevention and Rehabilitation Commission	
Commissioners of the Securities and Exchange Commission	
Members of the Transportation Council	
Grand Chamberlian	

Commissioners of the Fair Trade Commission	
Members of the Local Administration Investigation Committee	
Commissioners of the Radio Regulatory Commission	47,000 yen
Commissioners of the National Offenders Prevention and Rehabilitation Commission	
Commissioners of the Cultural Properties Protection Commission	

Grand Master of the Empress Dowager's Household	
Grand Master of the Crown Prince's Household	39,000 yen
Grand Master of the Ceremonies	

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.: Maj Norris 26-6076

Note No.	From: Govt Sec	To: ESS	Date: 1 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Bill for Partial Amends to Law concerning Compensation for National Public Service Personnel in Special Government Service		

F. R.

2 & 2

B111

Bill

Submitted to GS for Clearance
through Logislative Affairs Section,
Liaison Bureau, Ministry of Foreign Affairs
(Tel. 57-6010)

Nov. 1, 1951

1. **Number:** **FOM** No.27

2. **Title:** Bill for Partial Amendments to the Law concerning Compensation for National Public Service Personnel in the Special Government Service.

3. **Office in Charge:** Ministry of Finance.

4. **Date of Cabinet Approval:** Oct. 30, 1951.

5. **SCAP Section concerned:** Mr. Deangelis,
ESS.

6. **Remark (Reference):**

7. **GS Reviewers:**

Received by CS

Date 11/1/51

CS:
ESS
GS/WM

Reference Law

1. Law concerning Compensation for National Public Service Personnel in the Special Government Service (Law No. 252 of 1949): Official Gazette No. 1112, December 12, 1949, as amended.

2. Law for Abolition of the Law Concerning the Protection of the Government Against Unjust Claims and Others (Law No. 190 of 1950): Official Gazette No. 1241, May 20, 1950.

FOMNO27

Bill for Partial Amendments to the Law concerning Compensation for National Public Service Personnel in the Special Government Service

The Law concerning Compensation for National Public Service Personnel in the Special Government Service (Law No. 252 of 1949) shall be partially amended as follows:

Article 1 item (14) shall be amended as follows:

(14) Chairman and Commissioners of the National Offenders Prevention and Rehabilitation Commission;

Item (25) of the same Article shall be deleted and item (26) of the same Article shall be made item (25) of the same Article.

Article 3 shall be amended as follows:

Article 3. The monthly amount of salary of the Prime Minister and others shall be provided for in Appendix No. 1 with respect to other persons than ambassadors, ministers and confidential secretaries among the Prime Minister and others, in Appendix No. 2 with respect to ambassadors and ministers, and in Appendix No. 3 with respect to confidential secretaries.

2 The step of the monthly amount of salary to be obtained by ambassadors and ministers in accordance with Appendix No. 2 shall be determined by the Minister for Foreign Affairs upon consultation with the Minister of Finance.

3 The step of the monthly amount of salary to be obtained by confidential secretaries in accordance with Appendix No. 3 shall be determined by the Prime Minister, the Attorney General, the Minister of each Ministry, the President of the Economic Stabilization Board, the President of the Supreme Court, the President of the National Personnel Authority or the President of the Board of Audit upon consultation with the Minister of Finance.

In Article 9 "1,850 yen" shall be amended as "2,200 yen".

Article 12 shall be amended as follows:

Article 12. Deleted.

In the main provision of Article 13 "item (26)" shall be amended as "item (25)",

and proviso to the same Article shall be amended as follows:

Provided that the application thereto of the provision of Article 11 of the abolished Law concerning the Protection of the Government against Unjust Claims and Others (Law No. 171 of 1947) which remains still in force under the provisions of the Law for Abolition of the Law concerning the Protection of the Government against Unjust Claims and Others (Law No. 190 of 1950) shall not be precluded.

Annexed Table shall be amended as follows:

Appendix No. 1

Title of position	Monthly amount of salary
Prime Minister	80,000 yen
Ministers of State Personnel Commissioners and Auditors Chief Librarian of the National Diet Library	64,000 yen
Commissioners of the National Public Safety Commission Chairman of the National Election Administration Commission Director of the Cabinet Secretariat Chairman of the Fair Trade Commission Chairman of the Local Finance Commission Chairman of the Public Utility Commission Chairman of the Local Administration Investigation Committee	60,000 yen
Chairman of the Foreign Exchange Control Commission Chairman of the Statistics Commission Chairman of the Land Coordination Commission Chairman of the Securities and Exchange Commission Chairman of the Cultural Properties Protection Commission Grand Steward of the Imperial Household Agency	
Parliamentary Vice-Ministers Secretary-Generals of the House of Representatives and the House of Councillors	57,000 yen
Chairman of the Radio Regulatory Commission	

Deputy Directors of the Cabinet Secretariat	
Chiefs of the Legislative Bureaus of the House of Representatives and the House of Councillors	
Commissioners of the Local Finance Commission	
Commissioners of the National Election Administration Commission	
Commissioners of the Public Utility Commission	
Commissioners of the Foreign Exchange Control Commission	53,000 yen
Commissioners of the Land Coordination Commission	
Chairman of the National Offenders Prevention and Rehabilitation Commission	
Commissioners of the Securities and Exchange Commission	
Members of the Transportation Council	
Grand Chamberlian	
Commissioners of the Fair Trade Commission	
Members of the Local Administration Investigation Committee	
Commissioners of the Radio Regulatory Commission	47,000 yen
Commissioners of the National Offenders Prevention and Rehabilitation Commission	
Commissioners of the Cultural Properties Protection Commission	
Grand Master of the Empress Dowager's Household	
Grand Master of the Crown Prince's Household	39,000 yen
Grand Master of the Ceremonies	

Appendix No. 2

Title of position		Monthly amount of salary
Ambassadors	Step 3	64,000 yen
	Step 2	60,000 yen
	Step 1	57,000 yen
Ministers	Step 3	60,000 yen
	Step 2	57,000 yen
	Step 1	53,000 yen

Appendix No. 3

Title of position		Monthly amount of salary
Confidential secretaries	Step 8	32,000 yen
	Step 7	29,000 yen
	Step 6	26,000 yen
	Step 5	23,500 yen
	Step 4	21,000 yen
	Step 3	18,500 yen
	Step 2	16,000 yen
	Step 1	13,500 yen

Supplementary Provisions:

1 This Law shall come into force as from the day of its promulgation and apply as from October 1, 1951.

2 The step of the monthly amount of salary obtained by confidential secretaries as of a day during the period from October 1, 1951 to the date of the enforcement of this Law shall be the step of the monthly amount of their salary which is given in Appendix No. 3 of the Law concerning Compensation for National Public Service Personnel in the Special Government Service, as amended by this Law (hereinafter referred to as "the Law after amendments") and which corresponds to the step of the monthly amount of salary provided in the annexed Table of the Law concerning Compensation for National Public Service Personnel in the Special Government Service as prior to amendments by this Law (hereinafter referred to as "the Law before amendments") to be received by them on the day during the said period under the application of the Law before amendments.

3 The step of the monthly amount of salary which is obtained by confidential secretaries during the period stated in the preceding paragraph and which is determined by consultation under the provision of Article 3 paragraph 2 of the Law before amendments shall be considered to be determined by consultation under the provision of Article 3 paragraph 3 of the Law after amendments.

4 The compensations for the period stated in paragraph 2 of the Supplementary Provisions which are paid to employees prior to the enforcement of this Law under the provisions of the Law before amendments shall be considered to be the part payments of compensations to be paid under the provisions of the Law after amendments.

Reason

It is necessary to revise the compensation of employees in the special government service in connection with the revision of the compensation of employees in the regular government service. This is the reason for submiting this Bill.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

No.: Maj Norris
26-6076

From: Govt Sec To: ESS Date: 28 November 1951

1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Representatives.

2. Your prompt comment is requested.

1 Incl
Proposed Amend to Bill for
Partial Amends to Special
Taxation Measures Law

F. R.

Special Tax women

WFM/EMR/KPS/[illegible]/my
P.J. Zeller 26-8515
3 DEC 1951

From: ESS To: GS

2. There is no objection to the introduction of the attached draft bill in the Diet.

1 Incl
n/c

- W. F. M. - - - - - - - - - - - - - - - - -

GOVERNMENT SECTION
BUCK SLIP

11/28 1951

FROM: P+P

TO:	INITIAL	DATE
___	CHIEF.....	.....
___	EX O.....	.....
✓	Special Assistant Nat'l Affairs.....	.....
___	Special Assistant, Local Affairs.....	.....
___	Adm Div.....	.....
___	Par & Pol Div.....	.....
___	Public Adm Div.....	.....
___	Chief Clerk.....	.....
___	File.....	.....
___	.....	.....
___	.....	.....
___	.....	.....

FOR:

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
✓ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

Okay for ESS

House of Representatives

November 27, 1951.

Proposed Amendment to the Bill for Partial Amendments to the Special Taxation Measures Law.

(Proposed NATSUBORI Genzaburo and two others)

Bill for Partial Amendments to the Special Taxation Measures Law shall be partially amended as follows:

The Terms "the following two Articles shall be added next to the same Article.", as used in the sentence immediately preceding Article 16 shall be revised as "the following three Articles shall be added next to the same Article.", and new Article 18 shall be added next to Article 17.

Article 18. The provision of Article 19, paragraph 1 and 2 of the Law for Temporary Exceptions to the Income Tax Law shall not apply to the income from the dividend of profit or the distribution of surplus paid for stocks or equities which are involved in the trust property of securities investment trust accepted by the trust company (including banks engaged in trust business; hereinafter the same). The provision of the preceding paragraph shall apply only in case where the trust company, showing that such stocks or equities are involved in the trust property of securities investment trust accepted by him has recorded the title, location of principal place of business and other matters as prescribed by Ordinance, in the books prepared by a person paying dividends of profit or distributions of surplus, and said company has received the income from the dividends of profit or the distributions of surplus to be paid during the term for which the record is effective.

ESS
GS/WM

Cleared 11/28/51

Read 11/27/5

November 27, 1951.

Title of the Bill: Proposed Amendment to the Bill for Partial Amendments to the Special Taxation Measures Law (Proposed by NATSUBORI Genzaburo and two others)

I hereby certify that none of the provisions of the above-mentioned Bill is in violation of any Directive issued by the Supreme Commander for the Allied Powers and the Constitution of Japan, nor, except where so specified, conflicts with any other law.

Toshio Irie

Chief, Legislative Bureau,
House of Representatives.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.: Maj Norris 26-6076

Note No.	From: Govt Sec To: ESS Date: 14 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Bill for Partial Amends to Special Taxation Measures Law

F. R.

Fin
Spec Tax Memos

WFM/EMR/KPS/PJZ/my
P.J. Zeller 26-8515

From: ESS To: Govt Sec

16 NOV 1951

2. 1. The subject bill provides the following tax measures:

a. Extends the practice of withholding 10% on interest and investment trust income to dividend income for limited taxpayers (foreign nationals).

b. Changes tax treatment on retirement income for limited taxpayers so that it will be the same as that applied to unlimited taxpayers.

c. Provides a reduction in the registration tax when applied to standing timber. This is in recognition of hardships involved in recent forestry laws restricting the cutting of timber.

d. Cancels the capital gain tax for owners of land and improvements who are forced to sell such property to the government.

2. The above measures are in line with accepted tax practices, however, there is one provision which is controversial. This concerns the so-called price fluctuating reserve. Here, firms holding inventories, the market price of which has dropped below book value, may set up a 10% reserve of such inventories and deduct the same from taxable income. The reserve must be liquidated when market price again reaches book value. Such a reserve factor is inflationary in that it provides an incentive to

WFM/EMR/KPS/PJZ/my
P. J. Zeller 26-8515

16 NOV 1951

Draft Legislation

ESS GS

2. (Cont'd) hold goods off the market when market price is lower than book value. However, the government claims that they cannot obtain Diet approval of the 7% increase in the national corporation tax, if this tax reserve policy is not adopted simultaneously. Therefore no objection is being raised to this provision, inasmuch as it is being adopted concurrently with a number of other tax provisions.

3. There is no objection to the introduction of the subject bill in the Diet.

1 Incl
n/c

WFM

for ---------- W. F. M. ----------

See Taxation Measures
Law.

GOVERNMENT SECTION
BUCK SLIP

11/14 1951

FROM: P+P

TO:	INITIAL	DATE
___	CHIEF.....	.....
___	EX O.....	.....
✓	Special Assistant Nat'l Affairs.....	.....
___	Special Assistant Local Affairs.....	.....
___	Adm Div.....	.....
___	Par & Pol Div.....	.....
___	Public Adm Div.....	.....
___	Chief Clerk.....	.....
___	File.....	.....
___	.....	.....
___	.....	.....
___	.....	.....

FOR:

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
✓ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

OK
Wenig
(up to Mr. Dodge)

ESS

Bill

Submitted to GS for Clearance
through Legislative Affairs Section,
Liaison Bureau, Ministry of Foreign Affairs
(Tel. 57-6010)

Nov. 14, 1951

1. Number: FOM No. 70

2. Title: Bill for Partial Amendments to the Special Taxation Measures Law

3. Office in Charge: Ministry of Finance

4. Date of Cabinet Approval: Nov. 13, 1951

5. SCAP Section concerned:
Mr. Sanow, IR Div. ESS.

6. Remark (Reference):

See attached paper

7. GS Reviewers:

Received by CS

Date 11/14/51

CS: ESS
GS/WH

FOMNO.79

Bill for Partial Amendments to the Special Taxation Measures Law

The Special Taxation Measures Law (Law No. 15 of 1946) shall be partially amended as follows:

In Article 3 paragraph 1, "the provision of Article 17 or Article 18 of the Income Tax Law ..... or the dividend during construction or from distribution of profit of securities investment trust" shall be amended as "the provision of Article 17, Article 18 of the Income Tax Law or Article 19 paragraph 1 of the Temporary Exceptions to the Income Tax Law ..... or dividend", and in paragraph 2 of the same Article, "the dividend during construction" shall be amended as "the dividend of interest or profit, the distribution of surplus".

In Article 5 paragraph 1, "or retirement income" and "or item (6)" shall be deleted, and in paragraph 2 of the same Article, "or retirement income" shall be deleted.

In Article 5-(2) paragraph 1 and Article 5-(3) paragraph 1, "or retirement income" and "or item (6)" shall be deleted.

In Article 5-(4) paragraph 2, "(with respect to the retirement income, the amount of retirement income minus the amount equivalent to 15% of such income)" shall be amended as "(with respect to the retirement income to be paid during such term of 1950 as provided for in the same paragraph, the amount of retirement income less the amount equivalent to 15% of such income, and with respect to retirement income to be paid in 1951, such amount less the amount equivalent to 30% of such income)", and in paragraph 3 of the same Article, "shall apply mutatis mutandis ..... the preceding paragraph." shall be amended as "shall apply mutatis mutandis ..... the preceding paragraph. In this case, 'the earned income' in the same paragraph shall read 'the earned income or retirement income'".

In Article 5-(5) paragraph 1, "return on blue form under the provision of Article 26-(4) paragraph 1 of the Income Tax Law" shall be amended as "[illegible]

return (meaning blue return as provided for in Article 26-(3) paragraph 1 of the Income Tax Law; hereinafter the same in Article 5-(7))", and "in this Article" shall be deleted, and paragraph 2 to paragraph 4 inclusive of the same Article shall be amended as follows:

The provision of the preceding paragraph shall not apply to a case where no entry of calculation for the amount to be allowed as necessary expense under the provision of the same paragraph is made in a return under provisions of Article 21, 22, 26, 26-(2), or 29 of the Income Tax Law.

Article 5-(6) shall be made Article 5-(9), Article 5-(7) shall be made Article 5-(10), Article 5-(8) shall be made Article 5-(11), and the following three Articles shall be added next to Article 5-(5).

Article 5-(6). In case a corporation filing its return on blue form (meaning blue return as provided for in Article 25 paragraph 1 of the Corporation Tax Law; hereinafter the same in this Article and Article 5-(8)) has acquired such machines and others as have not been used for the purpose of its business since construction thereof or has constructed machines and others and put them to use for the purpose of its business since the beginning day of accounting periods ending on and after April 1, 1951, the limit of depreciation of such machines and others under the provisions of the Corporation Tax Law and orders issued thereunder for each accounting period covering a day which is within three years from the date on which such machines and others has been put to use shall be an amount equivalent to 150/100 (plus deficit amount of depreciation under these provisions, if any) of the limit of depreciation (less deficit amount of depreciation under these provisions, if any) computed under these provisions for not more than three years from such date.

For the application of the provisions of the preceding paragraph, a deficit amount of depreciation under the Corporation Tax Law and orders issued thereunder shall be such amount, out of the total of deficits which occur in cases where the amounts of depreciation of such machines and others in the accounting periods (only those accounting periods for which blue form returns were filed consecutively from the respective accounting period to the accounting period concerned) beginning within three years before the beginning of each accounting period of a corporation do not reach the limit of depreciation computed in accordance with the provisions of the same paragraph (if there is a deficit of depreciatin mentioned in the same paragraph, the amount before the addition of such deficit of depreciation), as has not been deducted as expense from the gross income in the computation of the incomes in the accounting period in which such deficit of depreciation has occurred through the accounting period immediately preceding the accounting period concerned.

The provisions of paragraph 1 shall not apply to a case where no detail of computation of limit of depreciation is attached to a return under the provisions of Article 18 to Article 21 inclusive of the Corporation Tax Law.

Article 5-(7). In cases where individuals who file blue form returns set aside an amount which is not more than a sum (hereinafter referred to as the limit of entry) of the amount of total book values given to the inventory prescribed under Article 10-(3) of the Income Tax Law (hereinafter referred to as the inventory), in excess, if any, of 90/100 of market value of the inventory other than securities as of 31 December of the year concerned, and the amount of total book value of securities under paragraphs 1 and 2 of Article 2 of the Security Exchange Law (except national bonds, hereinafter referred to as

the securities) in excess, if any, of 95/100 (90/100 for joint stock shares) of market value as of the same date (averaged price of final daily prices in the course of December in the year concerned published under paragraph 2 of Article 122 of the Security Exchange Law, for listed shares) into price fluctuation reserve account, in order to prepare against any loss caused by price fall of the inventory

in each year, the amount so set aside is computed as necessary expenses in connection with computation of business income of the year when such entry is made.

The amount in price fluctuation reserve account, which was counted into necessary expenses in accordance with the preceding paragraph for the purpose of computing business income, shall be counted into the gross receipts in computing the business income for the next year.

In cases where there is statement in the return under the provision of Article 26 or Article 26-(2) of the Income Tax Law that the amount counted in the business expense under the provision of paragraph 1 is counted in the business expense and where such return is accompanied with the balance sheet stating therein the price fluctuation reserve account and the detailed statment relating to the computation of the limit of entry for the year concerned, the provision of paragraph 1 shall apply.

Article 5-(3). In case a corporation which files the blue return has, in preparation for the loss accrued due to the decline of the values of the assets to be inventoried in accordance with the provision of Article 9-(7) of the Corporation Tax Law (except securities; hereinafter referred to as

"inventories" in this Article) or the securities under paragraphs 1 and 2 of Article 2 of the Security Exchange Law (except national bond; hereinafter referred to as the securities in this Article), transferred into the price fluctuation reserve account, in each accounting period (excluding the accounting period, covering the day of dissolution or amalgamation, of the corporation which has closed to exist due to dissolution or amalgamation), the amount not more than the amount (hereinafter referred to as "limit of entry" in this Article) obtained by adding the excess amount in cases where the total book values of inventories of the said corporation at the closing date of the said accounting period exceed the total amount equivalent to 90% of the values of the said inventories at the same date, to the excess amount in cases where the total book values of the securities of the said corporation at the same date exceed the total amount equivalent to 95% (with respect to the stock, 90%) of the values of the said securities at the same date (with respect to the securities which are transacted in the securities exchange, the average amount of every day final values of the said securities which was made public in accordance with the provision of Article 122 paragraph 2 of the Securities Transaction Law during one month prior to the same date) the amount thus transferred shall be counted in the business expense for the computation of income under the Corporation Tax Law in the accounting period in which the said transfer has been made.

The amount in price fluctuation reserve account, which was counted into business expenses in accordance with the preceding paragraph for the purpose of computing the income under the Corporation Tax Law, shall be counted into the income amount, in computing income under the same Law in the subsequent [illegible] period.

The provision of paragraph 1 shall . apply to the case where there is statement in the returns under the provisions of Article 18 to 21 inclusive of the Corporation Tax Law concerning the counting of the amount which has been transferred into the price fluctuation reserve account in the business expense and where the statement concerning the computation of the limit of entry in the said accounting period is attached to the said return.

The following one paragraph shall be added in Article 9.

With respect to the registration on the acquisition of mortagage in the case of the loaning of fund under the provision of Article 2 paragraph 2 item (2) of the Law for Financing Fund to Agriculture and Forestry to a person who is subject to the limitation to cutting the standing trees of forest under the provision of the Forest Law, the amount of registration tax on the registration concerned shall be, notwithstanding the provisions of Registration Tax Law, 0.1% of the amount of credit, so long as there is the certification as provided for by Order that such registration concerns the loaning of such fund.

In Article 14 paragraph 1, "have been expropriated" shall be amended as "have been expropriated and the indemnity has been granted", and "to

be granted due to the expropriation of land, etc." shall be deleted and in paragraph 2 of the same Article, "the preceding paragraph" shall be amended as "paragraph 1 and the preceding paragraph" and the following two paragraphs shall be added next to paragraph 1 of the same Article.

The provision of the preceding paragraph shall apply mutatis mutandis if, in cases where land adjustment has been made in accordance with the Special City Planning Law or City Planning Law, or where land improvement has been made in accordance with the Land Improvement Law on the land or right to land owned by an individual at the basic date, he has acquired clearing money as a result of the land exchange disposition or the exchange relating to the land or the right to land. In this case, "the amount of indemnity concerned (in case such property expropriated is the one as provided for in Article 10-(6) of the Income Tax Law, the amount after addition of the decreased value as provided for in the main sentence of Article 42 paragraph 4 of the Assets Revaluation Law)", as used in the same paragraph, shall read "the amount of indemnity concerned".

In cases under the preceding paragraph, if the individual has acquired indemnity or clearing money together with the land or the right to land as a result of the expropriation, land exchange disposition or exchange, only that portion of the land or the right to land subject to the expropriation, land exchange disposition or exchange which corresponds to the amount of indemnity or clearing money concerned shall, as may be prescribed by Order, be considered as having been subjected to expropriation, land exchange disposition or exchange, for the purpose of applying these provisions.

In Article 15 paragraph 1, "have been expropriated" shall be amended as "have been expropriated and the indemnity has been granted" and in paragraph 3 of the same Article, "paragraph 2" and "item (1) of the preceding paragraph" shall be amended respectively as "paragraph 4" and "paragraph 2 item (1) and the preceding paragraph" and the following two paragraphs shall be added next to paragraph 2 of the same Article.

The provisions of the preceding two paragraphs shall apply mutatis mutandis to the case where the clearing money has been acquired due to the causes provided for in paragraph 2 of the preceding Article in regard to the land or the right to land owned by a corporation at the basic date. In this case "the day of expropriation", as used in paragraph 1, shall read "the day when the land exchange disposition or exchange has been made" and "the amount of indemnity to be granted due to the expropriation of such land, etc.", as used in paragraph 2 item (1), shall read "the amount of clearing money which is acquired due to such a land exchange disposition or exchange".

In cases under paragraph 1 and the preceding paragraph, if the corporation has acquired indemnity or clearing money together with the land or the right to land as a result of the expropriation, land exchange disposition or exchange, only that portion of the land or the right to land subject to the expropriation, land exchange disposition or exchange which corresponds to the amount of indemnity or clearing money concerned shall, as may be prescribed by Order, be considered as having been subjected to expropriation, land exchange disposition or exchange, for the purpose of applying these provisions.

The following two Articles shall be added next to the same Article.

Article 16. In cases where land expropriation under the Land Expropriation Law has been made in regard to land or right to land owned by an individual or where land adjustment under the Special City Planning Law or the City Planning Law, or land improvement under the Land Improvement Law has been executed and in consequence thereof a land exchange disposition or exchange has taken place in regard to the land or right to the land concerned, if other land or right to land has been acquired in exchange for the land or right to land concerned, (including the case where land or right to land has been acquired together with the indemnity or clearing money) the land or right to the land concerned, excluding that subject to application of the provision of Article 14 paragraph 1 or paragraph 2, shall be deemed not to have been transferred, for the application of the provision of Article 9 paragtaph 1 of the Income Tax Law or Article 9 paragraph 1 of the Assets Revaluation Law.

In cases where the land or right to land acquired due to the expropriation, land exchange disposition or the exchange relating to the land or right to land subjected to application of the provision of the preceding paragraph has been transferred, succeeded to, bequeathed or gifted after the said expropriation, disposition or exchange, and the amount of income is computed in accordance with the provision of Article 9 paragraph 1 of the Income Tax Law and revaluation is made in accordance with the provision of Article 9 paragraph 1 of the Assets Revaluation Law, on account of such transfer, succession, bequest, or gifting, the former land or right to land subjected to such expropriation, land exchange disposition or exchange, and the price and time of the acquisition thereof shall

respectively be deemed to be the land or right to the land acquired by such expropriation, land exchange disposition or exchange, and the price and time of acquisition thereof.

Article 17. With respect to the gift or bequest to the State or the local public body, the provision of Article 5-(2) paragraph 1 of the Income Tax Law and Article 8 paragraph 2 and Article 9 paragraph 1 of the Assets Revaluation Law shall not apply.

Supplementary Provisions:

1 This Law shall come into force as from the day of its promulgation.

2 The provision of Article 5-(4) paragraph 2 of the Special Taxation Measures Law, as amended, (hereinafter referred to as the "Law") shall apply to the retirement income paid after the enforcement of this Law.

3 The provision of Article 5-(6) of the Law shall apply as from the corporation tax for the accounting period ending on or after April 1, 1951.

4 The provision of Article 5-(7) of the Law shall apply as from the income tax for 1952 calendar year. Provided, that "90%" and "95%", as used in paragraph 1 of the same Article, shall read respectively "95%" and "97.5%" in applying the same provision for the purpose of computing the income for 1952 calendar year.

5 The provision of Article 5-(8) of the Law shall apply as from the corporation tax for the accounting period which is subject to the application of Article 16 paragraph 1 item (1) of the Corporation Tax Law (Law No. 28 of 1947) as amended by the Law for Partial Amendment to the Corporation Tax Law (Law No. of 1951). Provided that, if the provision of Article 5-(8) paragraph 1 of the Law applies to the accounting period ending within six

months after a day on or after which the accounting period subject to the application of the same item ends, "90%" and "95%" in the same item shall read respectively "97.5%" and "99%", and if the provision of the same paragraph applies to the accounting period ending within six months after a day which comes after the expiration of six months after such a day, "90%" and "95%" in the same paragraph shall read respectively "95%" and "97.5%", and if the provision of the same paragraph applies to the accounting period ending within six months after a day which comes after the expiration of one year after such a day, "90%" and "95%" in the same paragraph shall read respectively "92.5%" and "95%".

6 The provisions of Article 14 paragraph 2 and paragraph 3, Article 15 paragraph 3 and paragraph 4 and Article 16 of the Law shall apply in cases where there has been a expropriation, land exchange disposition or exchange on and after January 1, 1951, and the provision of Article 17 of the Law in cases where there has been a bequest or gifting on and after the same date.

7 In cases where a corporation has made revaluation in accordance with the provision of Article 15 paragraph 3 of the Law in respect of land or right to land subjected to land exchange disposition or exchanged during the period from January 1, 1951 to the closing day of the accounting period which has ended before the enforcement of this Law in accordance with the provisions of the Special City Planning Law, the City Planning Law or the Land Improvement Law, the due date for filing a return under Article 45-(2) paragraph 1 of the Assets Revaluation Law shall be within two months after the enforcement day of this Law, regardless of the provisions of Article 15 paragraph 2 item (4) of the Law applied mutatis mutandis in paragraph 3 of the same Article.

8 For the time being, "where land improvement has been made in accordance with the Land Improvement Law" in Article 14 paragraph 2 and Article 16 paragraph 1 of the Law shall read "where land improvement has been made in accordance with the Land Improvement Law or where land adjustment has been made in accordance with the old Arable Land Readjustment Law which is still effective under Article 2 paragraph 1 of the Enforcement Law of the Land Improvement Law" and "the Land Improvement Law" in the preceding paragraph of the Supplementary Provisions shall read "the Land Improvement Law or the old Arable Land Readjustment Law which is still effective under Article 2 paragraph 1 of the Enforcement Law of the Land Improvement Law".

9 The Corporation Tax Law shall partially be amended as follows:

In Article 19 paragraph 2, "the amount obtained by multiplying the determined amount of corporation tax of the amalgamated corporation by 6 (or if the amalgamation has been made within six months after the opening day of the accounting period of the amalgamating corporation concerned, the number of months left in the period of six months after the amalgamation) and then dividing it by the number of months in accounting period which is basis for the computation of the determined amount of corporation tax of the amalgamated corporation" shall be amended as "the following amount" and the following items shall be added as items (1) and (2) next to the same paragraph.

(1) In cases where the amalgamation is made in the course of previous accounting period of the amalgamating corporation, the amount obtained by multiplying the determined amount of corporation tax of the amalgamated corporation by a figure that is obtained by multiplying by 6 the proportion which the number of months for the period from the opening day of the previous accounting period to

the day of amalgamation bears to the number of months in the previous accounting period, and then dividing it by the number of months in the accounting period which is the basis for the computation of the determined amount of corporation tax;

(2) In cases where the amalgamation is made within six months after the opening day of the accounting period of the amalgamating corporation concerned, the amount obtained by multiplying the determined amount of corporation tax of the amalgamated corporation by the number of months left in the period of six months after the amalgamation and then dividing it by the number of months in the accounting period which is the basis for the computation of the determined amount of corporation tax.

Reason

In the light of the recent economic situation, there are necessities such as to create a system of price fluctuation reserve in order to achive the equitable burden of income and corporation taxes against the fluctuation of the value of inventories and the price of securities held by enterprises and to rationalize the tax burden on capital gain arising from land adjustments. This is the reason for proposal of this Bill.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

No.: Maj Norris
26-6076

From: Govt Sec To: ESS Date: 27 November 1951

1. Immediate introduction of the attached draft bill in the Diet is proposed by House of Councillors.

2. Your prompt comment is requested.

1 Incl
Proposed Amend to Bill
for Partial Amends to Corporation Tax Law

F. R.

HC and Corp Ford Jeep

WFM:EMR/KPS/PJZ:my
P.J. Zeller 26-8515

1 DEC 1951

From: ESS To: Govt Sec

2. 1. It is recommended that headquarters clearance be withheld from the subject bill. If the 50% corporation tax rate were made effective the overall corporation tax burden would amount to approximately 62% due to the local government enterprise and inhabitants tax. This high tax rate would have a retarding effect on capital accumulation and industrial expansion.

2. The 50% tax rate is further objectionable on the grounds that it may seriously reduce efficiency in collection and in taxpayers compliance. Tax morale may suffer sufficiently with regard to this excellent tax source to endanger the maintenance of a balanced budget.

1 Incl
n/c

- W. F. M. - - - - - - - - - - - - - - - - - -

Cop for Lou
Jim

GOVERNMENT SECTION
BUCK SLIP

11/27 1951

FROM: P&P

TO:	INITIAL	DATE
___	CHIEF	
___	EX O	
___	Special Assistant Nat'l Affairs	
___	Special Assistant Local Affairs	
	Adm Div	
___	Par & Pol Div	
___	Public Adm Div	
___	Chief Clerk	
___	File	
___		
___		
___		

FOR:

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
___ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

NC
w comp.

ESS

HOUSE OF COUNCILLORS
Nov. 27, 195/

Proposed Amendment to the Bill for Partial Amendments to the Corporation Tax Law.

Proposer : OKADA Soji (S)
KIKUKAWA Takao (S)
KIYOZAWA Toshihide (S)
NOMIZO Masaru (S)

Bill for Partial Amendments to the Corporation Tax Law shall be partially amended as follows:

In the amending provision of Article 17, paragraph 1, item(1), "42%" shall be amended to "50%"

In Supplementary provisions, ✓ "42" shall be amended to "50". (paragraph 3,

CS: ESS 65/WM

Read 6 S 11/27/51

HOUSE OF COUNCILLORS

Tues. Nov. 27th, 1951

Title

Proposed Amendment to the Bill for partial Amendments to the Corporation Tax Law

I hereby certify that above-mentioned amendment does not violate any directive issued by the Supreme Commander for the Allied powers, the Constitution and any laws of Japan.

Kenichi Okuno

Director, Legislative Bureau,
House of Councillors

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.: Maj Norris
26-6076

Note No.	From: Govt Sec To: ESS Date: 8 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Amends to Corporation Tax Law (Revised)

F. R.

P & P

Corp TAX
review

WFM/ZMR/KPS/MWK/my
1_ November 1951 G.McCaffrey
26-8532

From: ESS To: Govt Sec

2 ESS has no objection to the introduction of the attached draft bill in the Diet.

1 Incl
n/c

----------------------W. F. M.----------- ----

Revised FOMNO/2

In Article 39, "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article".

In Article 42 paragraph 1 item (1), "(including the case where a corporation has not paid the tax in full due to the postponement of tax collection in accordance with the provision of Article 26-(3) paragraph 1)" shall be added next to "has not paid a part of the corporation tax"; in item (3) of same paragraph, "Article 19 paragraph 1" shall be added next to "the main clause of Article 18 paragraph 1"; in item (4) of the same paragraph, "Article 26-(3)" shall be amended as "Article 26-(4)"; and the following proviso shall be added next to paragraph 5 of the same Article:

Provided, however, as for the interest on delinquent tax to be paid on the tax amount of which collection has been postponed in accordance with the provision of Article 26-(3) paragraph 1, the Government may not demand the taxpayment except in the case where the corporation has not paid the said interest on delinquent tax in full by the postponed due date.

In Article 43 paragraph 1 and Article 43-(2) paragraph 1, "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article".

In Article 48 paragraphs 1 and 3, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 49 item (1), "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article".

cs: ESS

Reed:GS
11/7/51

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Maj Morris
20-6073

Note No.	From: Govt Sec	To: ESS	Date: 18 October 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Bill for Partial Amends to Corporation Tax Law		

F. R.

P & P

Corp tax law

WFM/KMR/KPS/my
K. Sanow 26-8540

22 OCT 1951

To: Govt Sec From: ESS

2. 1. ESS has no objection to the immediate introduction of the attached draft bill in the Diet.

1 Incl
n/c

- W. F. M. - - - - - - - - - - - - - - - - - -

GOVERNMENT SECTION
BUCK SLIP

10/18 1951

FROM: P&P

TO:		INITIAL	DATE
___	CHIEF		
___	EX O		
✓	Special Assistant Nat'l Affairs		20
___	Special Assistant Local Affairs		
___	Adm Div		
___	Par & Pol Div		
___	Public Adm Div		
___	Chief Clerk		
___	File		
___			
___			
___			

FOR:

OK - if okd by ESS

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
✓ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

wemf.

Bill

Submitted to GS for Clearance
through Legislative Affairs Section,
Liaison Bureau, Ministry of Foreign Affairs
(Tel. 57-6010)

Oct. 18

1. Number: FOM No. 12

2. Title: Bill for Partial Amendments to the Corporation Tax Law

3. Office in Charge: Ministry of Finance

4. Date of Cabinet Approval: Oct. 16.

5. SCAP Section concerned: Mr. Canow.
I. R.D. ESS.

6. Remark (Reference):

See: Bill of FOM No.9

7. GS Reviewers:

Received by GS

Date 10/18/51

GS: ESS
GS/WM

FOMNR/2

Bill for Partial Amendments to the Corporation Tax Law

The Corporation Tax Law (Law No. 28 of 1947) shall be partially amended as follows:

In Article 9-(9), "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 10 paragraphs 1 and 2, "or Article 19 paragraph 1 of the Law for Temporary ·· Exceptionsto the Income Tax Law" shall be added next to"Article 18 of the Income Tax Law",

Article 17 paragraph 1 item (1) shall be amended as follows:

(1) Income for each accounting period.

Corporations enumerated in each item of Article 5 paragraph 1 and Article 9 paragraph 6

..... 35% of the amount of income.

Other corporations ..... 42% of the amount of income.

In Article 19 paragraph 2, "the main clause of the preceding paragraph" shall be amended as "the main clause of paragraph 1"; and in paragraph 6 of the same Article, "and paragraph 2" shall be added next to "paragraph 1"; and the following one paragraph shall be added next to paragraph 1 of the same Article:

In case the accounting period of a corporation which survives after amalgamation exceeds six months or such amalgamation has been made in the previous accounting period (excluding the opening date of the previous accounting period) or within six months after the opening date of the accounting period concerned if the provision of the preceding paragraph is applied to the corporation concerned, the amount of tax paid or which has been determined to be paid

as the corporation tax for the previous accounting period before the day previous to the day after the lapse of seven months from the opening day of the accounting period of the corporation concerned under the same paragraph shall be deemed to have included the amount of tax paid or which has been determined to be paid before the day aforesaid by the amalgamating corporation or amalgamated corporation concerned as the corporation tax for the accounting period just prior to the one which has ended at the time of amalgamation for which the corporation has ceased to exist (hereinafter referred to as "determined amount of corporation tax of amalgamated corporation") and the amount of corporation tax to be entered in the return under the main clause of the same paragraph shall be the total of the amount of corporation tax to be entered in the return in accordance with the provision of the main clause of the same paragraph and the amount obtained by multiplying the determined amount of corporation tax of the amalgamated corporation by 6 (or if the amalgamation has been made within six months after the opening day of the accounting period of the amalgamating corporation concerned, the number of months left in the period of six months after the amalgamation) and then dividing it by the number of months in accounting period which is the basis for the computation of the determined amount of corporation tax of the amalgamated corporation.

In Article 20 paragraph 1, or where the accounting period subsequent to the accounting period covering the day of amalgamation of domestic corporation which survives after the amalgamation exceeds

six months (excluding a case where the amalgamation is made on the opening day of the accounting period covering the day of amalgamation) or where the amalgamation has been made during the six months after the opening date of the accounting period of the domestic corporation surviving after the amalgamation which is longer than six months" and "domestic corporation which survives after the amalgamation" shall be deleted; and in paragraph 2 of the same Article, "paragraph 4 of the preceding Article" shall be amended as "paragraph 5 of the preceding Article".

In Article 24 paragraph 3, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 26 paragraph2, "paragraph 5 of the same Article" shall be amended as "paragraph 6 of the same Article"; and in paragraph 3 of the same Article, "Article 19 paragraph 5" shall be amended as "Article 19 paragraph 6".

In Article 26-(2) paragraph 3, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 26-(3) paragraph 2, "paragraph 3 of the preceding Article" shall be amended as "Article 26-(2) paragraph 3"; and the same Article shall be made Article 26-(4); and the following one Article shall be added next to Article 26-(2).

Article 26-(3). In case a corporation which has to pay the corporation tax (excluding the corporation tax for each accounting period ending at the time of liquidation) in accordance with the provisions of Article 26 or has filed with the Government a written application for postponement of collection of the corporation tax equivalent to the amount not more than a half of the corporation tax concerned by the due date of filing returns under Article 18 paragraph 1, Article 19 paragraph 1, Article 20 paragraph 1 or Article 21 paragraph 1, the Government may, notwithstanding these provisions, postpone the collection of such tax amount according to that application for not more than three months after the due date concerned.

There shall be entered in the return under the preceding paragraph, the name of corporation which made application, place of tornrent, name of representatives (as for a foreign corporation, responsible persons for administration and management of assets or business in the enforcement area of this Law), the amount of corporation tax for which the corporation intends to be favoured with the postponement of tax collection and the postponement period which the corporation intends.

Except for the case under Article 7-(3) of the National Tax Collection Law, if a corporation has failed to pay fully within the due date of payment that portion of the amount of corporation tax, containing the tax amount the collection of which was postponed in accordance with the provision of paragraph 1, which was not covered with such a previlage of postponement, the Government may cancel the postponement of collection in respect to tax amount covered with such a previlage and collect such tax amount at once.

The following proviso shall be added next to Article 28:

Provided, however, as for the corporation tax of which collection has been postponed in accordance with the provision of Article 26-(3) paragraph 1, the Government may not demand the taxpayment except in the cases where the corporation has not paid the tax in full by the postponed due date.

In Article 29 paragraph 2, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 30, "Article 19 paragraph 5" shall be amended as "Article 19 paragraph 6".

In Article 31-(2) paragraph 1, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 33 paragraph 2, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 37 paragraph 1, "Article 35 paragraph 6" shall be amended as "Article 35 paragraph 5".

In Article 39, "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article".

In Article 42 paragraph 1 item (1), "(including the case where a corporation has not paid the tax in full due to the postponement of tax collection in accordance with the provision of Article 26-(3) paragraph 1)" shall be added next to "has not paid a part of the corporation tax"; in item (3) of same paragraph, "Article 19 paragraph 1" shall be added next to "the main clause of Article 18 paragraph 1"; in item (4) of the same paragraph, "Article 26-(3)" shall be amended as "Article 26-(4); and the following proviso shall be added next to paragraph 5 of the same Article:

Provided, however, as for the interest on delinquent tax to be paid on the tax amount of which collection has been postponed in accordance with the provision of Article 26-(3) paragraph 1, the Government may not demand the taxpayment except in the case where the corporation has not paid the said interest on delinquent tax in full by the postponed due date.

In Article 43 paragraph 1 and Article 43-(2) paragraph 1, "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article".

In Article 48 paragraphs 1 and 3, "Article 26-(3)" shall be amended as "Article 26-(4)".

In Article 49 item (1), "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article".

Supplementary Provisions:

1 This Law shall come into force as from the day of its promulgation.

2 The provision (excluding the provisions of Articles 19 and 20) of the Corporation Tax Law after amendments shall apply to the corporation tax for the accounting period of the corporation ending on and after January 1, 1952 and as for the corporation tax for the accounting period of the corporation ending before the said day, the old Law shall still prevail.

Provided, however, the provisions of Article 26-(3), Article 28 and 42 of the Corporation Tax Law after amendments shall apply to the corporation tax for the accounting period of the corporation ending on and after September 30, 1951.

3 In case a corporation files, after the enforcement of this Law, a return under Article 19 for the first accounting period ending on and after January 1, 1952, out of the total of the tax amount paid and the amount determined to be paid as the corporation tax for the previous accounting period as prescribed in the same Article, the amount of corporation tax which is imposed on the income for each accounting period shall, notwithstanding the provision of the same Article, be the amount obtained by multiplying such corporation tax by 42 and then dividing by 35.

4 Law for Partial Amendments to the Corporation Tax Law (Law No. 72 of 1950) shall be pertially amended as follows:

In paragraph 15 of the Supplementary Provisions, "paragraph 7 of the same Article" shall be amended as "paragraph 8 of the same Article"

5 Law for Partial Amendments to the Corporation Tax Law (Law No. 64 of 1951) shall be partially amended as follows:

In paragraph 3 of the Supplementary Provisions, "Article 26-(3)" shall be amended as "Article 26-(4)".

6 The National Tax Collection Law (Law No. 21 of 1897) shall be partially amended as follows:

Article 7-(3) paragraph 1 shall be deleted; in paragraph 2 of the same Article, "collects ----- in accordance with the preceding paragraph" shall be amended as "collects ----- in accordance with the preceding Article"; the same Article shall be made Article 7-(4) and the following one Article shall be added next to Article 7-(2).

Article 7-(3). If a person who has been favoured with the postponement of the collection of national tax and disposal charges for the delinquency of payment of such tax in accordance with the provision of Article 7, Article 31-(2) paragraph 3 (including the case where it is applied mutatis mutandis in the provisions of Article 31-(3) paragraph 8) or the Corporation Tax Law and other laws comes under any one of the following items, the Government may cancel such postponement of tax collection and may collect the whole amount at one time. In this case the Government is required to hear the explanation of the person who has been favoured with the postponement of tax collection, except for the case where a rapid disposal is needed; provided, however, this shall not apply to the case where such taxpayer does not make explanation without good reason.

(1) In case a taxpayer has not paid the national tax nor the disposal charges for delinquency which are allowed to be collected in installments by the due date of payment;

(2) In case a taxpayer has not complied with the request to offer or to alter the security and other request concerning the security made by the Government;

(3) In case it is recognized to be inadequate to postpone the collection of tax considering the changes of economic and other conditions of the person who has been favoured with the postponement of tax collection;

(4) In case there is found the causes as enumerated in each item of Article 4-(1) and it is recognized to be impossible to collect the national tax and the disposal charges of delinquency of which collection have been postponed, when the postponed due date has come.

In Article 31-(6) paragraph 4, "Article 19 paragraph 5" shall be amended as "Article 19 paragraph 6".

7 The Law for Partial Amendments to the National Tax Collection Law (Law No. 69 of 1950) shall be partially amended as follows:

In paragraph 8 of the Supplementary Provisions, "Article 26-(3)" shall be amended as "Article 26-(4)".

8 The Law for Partial Amendments to the National Tax Collection Law (Law No. 78 of 1951) shall be partially amended as follows:

In paragraph 2 of the Supplementary Provisions, "Article 7-(3)" shall be amended as "Article 7-(4)".

In paragraph 11 of the Supplementary Provisions, "Article 26-(3)" shall be amended as "Article 26-(4)".

Reason

In the light of the actual condition of enterprises in recent times, there are necessities, such as to increase the imposition of the corporation tax upon ordinary corporations, except the corporations for the public benefit and special corporations and to create anew a system of the postponement of collection for the satisfactory payment of the tax, rationalising at the same time the system of interim returns filed by amalgamated corporations. This is the reason for submission.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

jm

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

No.:

Maj Norris
26-6076

1. From: Govt Sec To: ESS Date: 28 November 1951

1. Immediate introduction of the attached draft amendment is proposed by House of Councillors in the Diet.

2. Your prompt comment is requested.

1 Incl
Amends to Bill for Partial
Amends to Japan Monopoly
Corporation Law

F. R.

A.R.DeAngelis,26-6148

2. 010(28 Nov 51)ESS/FIN

WFM/ESR/JCG/ARD/zl

From: ESS To: Govt Sec Date: 1 DEC 1951

1. Proposed amendment has been reviewed in accordance with instructions contained in check note of Chief of Staff to Chief, ESS, subject: Draft legislation, dated 30 March 1951. Draft amendment is found to violate the SCAP's budgetary policy. The draft is unaccompanied with any means of financing the proposed program.

2. The JFY 1951-52 supplementary budget as approved by ESS provides temporary retirement pay at the following rates:

Tuberculosis	80% of basic pay
Mental or physical disability	80% of basic pay

Proposal would increase the temporary retirement pay at the following rates:

Tuberculosis	100% of basic pay
Mental or physical disability	100% of basic pay

3. No funds have been provided in either the JFY 1951-52 regular or supplementary budget for this purpose.

4. As the Supreme Commander's policy is not to consider bills unless funds are available, it is recommended that clearance of attached bill be withheld.

1 Incl
n/c

W. F. M.

GOVERNMENT SECTION
BUCK SLIP

11/29 1951

FROM: P+P

TO:		INITIAL	DATE
___	CHIEF		
___	EX O		
✓	Special Assistant Nat'l Affairs		
___	Special Assistant, Local Affairs		
___	Adm Div		
___	Par & Pol Div		
___	Public Adm Div		
___	Chief Clerk		
___	File		
___			
___			
___			

FOR: 29 Nov 51 - GS has no obj if ESS has more Enjoy

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
✓ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

ESS

HOUSE OF COUNCILLORS

Wed., Nov. 28, 1951.

Amendments to the Bill for Partial Amendments

to the Japan Monopoly Corporation Law

Proposed by T. KIYOSAWA (Soc. Lob.2)
T. KIKUKAWA (")
Y. MATSUNAGA (Soc. Lob.3)
K. KIMURA (L.F.)
Y. MORI (1st Club)

The Bill for Partial Amendments to the Japan Monopoly Corporation Law (Law No.255, 1948) shall be partially amended as follows:

In paragraphs 6 and 7 of the amending provisions of Article 23, "he shall be granted an amount of 80 per cent of each of his base pay, family allowance and area allowance" shall be amended as "he shall be granted the whole amount of his compensation".

****

CS: ESS
GS/WM

Read 11/29/51

House of Councillors

Wed. 28. Nov. 1951

Proposed Amendments to the Bill for Partial Amendments to the Japan Monopoly Corporation.

I hereby certify that the above-mentioned amendments do not violate any directive issued by the Supreme Commander for the Allied Powers, the Constitution and any laws of Japan.

Kenichi Okuno

Kenichi Okuno
Director, Legislative Bureau,
House of Councillors

Revised

FOMNO.22

Bill for Partial Amendments to the
Japan Monopoly Corporation Law

The Japan Monopoly Corporation Law (Law No. 255, 1948) shall be amended as follows:

Article 23 paragraph 2 shall be amended as follows:

2. The term of temporary retirement in cases where any employee falls under the provision of item (I) of the preceding paragraph shall be determined according to the extent of necessity of his rest; however, if he is injured or contracts a disease not in performance of his duty and falls under the provision of the same item, the term of temporary retirement shall be determined by the President within the limits not exceeding three years. In cases the said trouble ceases to exist during the term of temporary retirement, the President shall reinstate the said person without delay.

The latter passage of Article 23 paragraph 4 shall be deleted, and the following five paragraphs shall be added next to the same paragraph:

5. In cases where any employee is injured or contracts a disease in performance of duty and falling under the provision of paragraph I item (I), he is temporarily retired against his will, he shall be granted the whole amount of his compensation during the term of temporary retirement.

6. In cases where any employee contracts tuberculous disease and falling under the provision of paragraph I item (I), he is temporarily retired against his will, he shall be granted an amount of 80 per cent of each of his base pay, family allowance and area allowance until the term of temporary retirement reaches full two years, unless as provided for in the preceding paragraph.

7. In cases where any employee falls under the provision of paragraph I item (I) and he is temporarily retired against his will because of any mental or physical trouble other than tuberculous disease, he shall be granted an amount of 8[illegible] per cent of each of his base pay, family allowance and area allowance until the term of temporary retirement reaches full one year, unless as provided for in paragraph 5.

8. In cases where any employee falls under the provision of paragraph I item (2) and he is temporarily retired against his will, he may be granted an amount not exceeding 6[illegible] per cent or less of each of his base pay, family allowance and area allowance during the term of temporary retirement.

9. No employee shall be granted his pay unless as prescribed in this Article.

Supplementary Provision:

This Law shall come into force from the day of its promulgation.

2 to copy PHW

Rec'd 6 S
11/9/5

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.:

Maj Norris
26-6076

Note No.	From: Govt Sec	To: Medical Sec/PHW	Date: 1 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Bill for Partial Amends to Japan Monopoly Corporation Law		

F. R.

Mr. Sullivan 26-6988
7 Nov 51

From: MS/PHW To: Govt Sec

2. 1. Comments contained herein apply equally to items Nos. 2 and 8 of the "Bill for Partial Amendments to Japanese National Railways Law," which bill is the subject of a separate C/N from GS to MS/PHW dated 1 Nov 1951.

2. Mr. Toshio Takahashi, Monopoly Controller's Room, Ministry of Finance, stated on 6 Nov. that revised items Nos. 2 and 8 would be presented directly to GS.

3. Major Norris, GS, was advised by telephone on 6 Nov. of the changes referred to above, and that MS/PHW enters no objection to the bill as so revised.

4. Mr. Takahashi on 6 Nov proposed to substitute the following for the first sentence in item No. 2:

"The term of temporary retirement in cases where any employee falls under the provision of item (1) of the preceding paragraph shall be determined according to the extent of necessity of his rest; however, if he is injured or contracts a disease not in performance of his duty and falling under the provision of the same item, and he is temporarily retired against his will, the term of temporary retirement shall be determined by the President within the limits not exceeding three years."

2. contd It is believed that the above wording more clearly states the intended situation with respect to on-duty injuries. However, on 7 Nov. Mr. Takahashi made a new proposal, namely that the following be substituted for the first sentence in item No. 2:

"Except in case where any employee is injured or contracts disease in performance of his duty, the term of temporary retirement from office in cases where any employee falls under the provision of item (1) of the preceding paragraph shall be determined by the President according to the extent of necessity of his rest within the limits not exceeding three years."

It was pointed out to Mr. Takahashi that this wording actually is no different in effect than that originally submitted in the bill of amendments inclosed with C/N No. 1 above, in that it defines the term of temporary retirement for off-duty illnesses but not for on-duty illnesses. Mr. Takahashi took the position that the Labor Standards Law limits the term for on-duty illnesses to three years (see below). He was informed that MS/PHW does not wish to delay further the clearance of this legislation because of this point and that no objection would be raised to any of the three versions for the first sentence in item No. 2.

5. At present "temporary retirement" is limited to one year (with compensation fixed at 1/3 of salary) in all cases of illness or injury. The revision will have the effect of extending the period to three years for off-duty illness with compensation at 80% of salary for two years in case of tuberculosis and one year for other disabilities; and providing retirement on full salary for the duration of an on-duty illness and injury. As a practical matter, the period of retirement under these provisions for on-duty disabilities will not extend beyond three years since the employer may make a lump-sum settlement at the end of three years under the provisions of Article 81 of the Labor Standards Law (Law No. 49 of 1947). These changes are the same as those currently being made with respect to the Law for Compensation of Employees in Regular Government Service (Law 95 of 1950).

6. Checking with Mr. Takahashi brought out that item No. 8 has been improperly translated. "80 percent" should read "60 percent or less."

Inclosure
W/D

- -W. E. S.- - - - - - - - - - - - - -

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.:

Maj Norris
26-6076

Note No.	From: Govt Sec	To:	Date:
1	1. Immediate introduction of the ~~ESS~~ attached draft bill in the ~~Nov~~ Diet is proposed by ~~Finance Ministry~~ 2. Your prompt comment is requested.		1951
	1 Incl Bill for Partial Amends to Japan Monopoly Corporation Law		
	F. R.		

P & P

GOVERNMENT SECTION
BUCK SLIP

11/1 1951

FROM: P&P

TO:	INITIAL	DATE
___	CHIEF.....	.....
___	EX O.....	.....
✓	Special Assistant Nat'l Affairs.....	.....
___	Special Assistant, Local Affairs.....	.....
___	Adm Div.....	.....
___	Par & Pol Div.....	.....
___	Public Adm Div.....	.....
___	Chief Clerk.....	.....
___	File.....	.....
___	.....	.....
___	.....	.....
___	.....	.....

FOR:

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
✓ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

REMARKS: ESS, PHW

Bill

Submitted to GS for Clearance
through Legislative Affairs Section,
Liaison Bureau, Ministry of Foreign Affairs
(Tel. 57-6010)

Nov. 2, 1951

1. **Number:** FOM No.26

2. **Title:** Bill for Partial Amendments to the Japan Monopoly Corporation Law.

3. **Office in Charge:** Ministry of Finance

4. **Date of Cabinet Approval:** Oct. 30.

5. **SCAP Section concerned:** Mr. Sanow,
Finance Section.

6. **Remark (Reference):**

Law No. 255 of 1948: dated Dec. 20, No.818.

7. **GS Reviewers:**

Received by GS

Date 11/1/51

GS
ESS
QS/WM
RAW.

FOMN0.26

Bill for Partial Amendments to the
Japan Monopoly Corporation Law

The Japan Monopoly Corporation Law (Law No. 255, 1948) shall be partially amended as follows:

Article 23 paragraph 2 shall be amended as follows:

2. The term of temporary retirement in cases where any employee falls under the provision of item (1) of the preceding paragraph and he is temporarily retired against his will shall be determined by the President within the limits not exceeding three years according to the extent of necessity of his rest unless he is injured or contracts a disease in performance of duty, and falling under the provision of the same item, he is temporarily retired against his will. In case the said trouble ceases to exist during the term of temporary retirement, the President shall reinstate the said person without delay.

The latter passage of Article 23 paragraph 4 shall be deleted, and the following five paragraphs shall be added next to ~~the same~~ paragraph:

5. In cases where any employee is injured or contracts a disease in performance of duty, and falling under the provision of paragraph 1 item (1), he is temporarily retired against his will, he ~~shall~~ be granted the whole amount of his compensation during the term of temporary retirement.

6. In cases where any employee contracts tuberculous disease and, falling under the provision of paragraph 1 item (1), he is temporarily retired against his will, he may be granted an amount of 80 per cent of each of his base pay, family allowance and area allowance until the term of temporary retirement reaches full two years, ~~unless as~~ *except the cases* provided for in the preceding paragraph.

7. In cases where any employee falls under the provision of paragraph 1 item (1) and he is temporarily retired against his will because of any mental or physical trouble other than tuberculous disease, he may be granted an amount of 80 per cent of each of his base pay, family allowance and area allowance until the term of temporary retirement reaches full one year, ~~unless as~~ *except the cases* provided for in paragraph 5.

8. In cases where any employee falls under the provision of paragraph 1 item (2) and he is temporarily retired against his will, he may be granted an amount not exceeding 80 per cent of each of his base pay, family allowance and area allowance during the term of temporary retirement.

9. No employee shall be granted his pay ~~unless~~ *except* as prescribed in this Article.

Supplementary Provisions:

This Law shall come into force as from the date of its promulgation.

Reason:

In ~~an attempt~~ order to revise the term of temporary retirement, the amount of pay to be granted, etc. in case where any employee of the Japan Monopoly Corporation is forced to retire temporarily from office, it is necessary to amend part of the Japan Monopoly Corporation Law. This is the reason for submission of this Bill.

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Revised

FOMNO/3

Bill

Law for Partial Amendment to the People's Finance Corporation Law

The People's Finance Corporation Law (Law No. 49 of 1949) shall be partially amended as follows:

In Article 5, Paragraph 1, "six billion yen" shall be amended as "seven billion yen".

Supplementary Provisions

This Law shall come into force as from the date of its promulgation.

Cleared 10/26
JW.

ESS (DeAngelis) no obj
OS (Jay) no obj

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Reason

It is necessary to increase the capital of the People's Finance Corporation in order to make the supply of business fund by the said Corporation smooth.

This is the reason for the proposal of this bill.

GOVERNMENT SECTION
BUCK SLIP

10/26 1951

FROM:

	TO:	INITIAL	DATE
___	CHIEF		
___	EX O		
✓	Special Assistant Nat'l Affairs		
___	Special Assistant Local Affairs		
___	Adm Div		
___	Par & Pol Div		
___	Public Adm Div		
___	Chief Clerk		
___	File		
___			
___			
___			

FOR:

Revised FOMNO 3 26 Oct 51
No objection
Edgar J Jaycox
Irving Swerdlow

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
___ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

cy ESS

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

Maj Norris

20-8075

Note No. 1

From: Govt Sec To: ESS Date: 18 October 1951

1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry.

2. Your prompt comment is requested.

1 Incl
Bill for Partial Amend to
People's Finance Corportation
Law

F. R.

From: ESS To: Govt Sec

WFM/REP/ARD/my
A. DeAngelis
25 OCT 1951

2. 1. There is no objection to the immediate introduction of attached bill in the Diet.

1 Incl
n/c

W. F. M.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS
Government Section

24 October 1951

MEMORANDUM FOR THE RECORD

SUBJECT: Law for Partial Amendment to the People's Finance Corporation Law (FOMNO 13)

1. The subject bill was submitted for approval by the Finance Ministry through the Foreign Ministry's Liaison Office. Examination of the bill discloses that its effect would be to remove from the National Public Service all the employees of the Finance Corporation. The nature of the business of this corporation involves the making of small loans up to approximately ¥200,000, and by the amended law, would have a fund of ¥7 billion. After due consideration, the undersigned decided that the basis for this proposal to remove the Corporation's employees from the National Public Service could be motivated in the main only by a desire to give the employees of this Corporation preferential treatment in the way of compensation and allowances, to weaken the force and effect of the National Public Service Law and perhaps also to initiate or continue a program for undermining the National Personnel Authority.

2. On conferring with Mr. DeAngelis it was learned that on at least two previous occasions the Finance Ministry has come up with this proposal, giving as their reasons therefor the necessity for increasing the compensation and allowances of the employees of the Corporation and also the desire to place these employees on the same footing as the employees of the Japan Development Bank, the latter not being under the NPSL. Mr. DeAngelis stated that in their opinion, the work of the People's Finance Corporation was more analogous to that of the Finance Ministry than the Japan Development Bank, that removal of these employees from NPSL would subject them to political pressures, particularly undesirable in view of the functions of the Corporation, and that the departure from the principle of uniform wage and allowance standards within the Government would be unwarranted. Mr. DeAngelis went on to point out that just recently the Finance Ministry again had come forward with this proposal. ESS, feeling that they were no longer in a position to reject the proposal, gave their approval. However, Mr. DeAngelis stated for ESS that should GS reject the proposal to transfer the employees of the Finance Corporation from the public service ESS would tacitly approve.

3. On being presented with the foregoing, Mr. Rizzo immediately agreed that such a proposal would in effect constitute a serious inroad upon the fundamental principles upon which the National Public Service was founded, even though the number of employees involved in this instance is small, possibly only 900. Mr. Rizzo felt that in such a matter as this we would have to be sure that these fundamental principles were, indeed, involved and seriously

Parliamentary & Political Div.

threatened before taking such drastic action as rejecting the proposed bill. He suggested that the undersigned determine how NPA felt about this, without in any way disclosing the tentative position of Government Section.

4. The undersigned communicated with Mr. Sato, Director-General, NPA, and advised him of the proposed bill to remove the People's Finance Corporation from under the NPSL. Mr. Sato advised that he had not heretofore been informed of this proposal and though he was sure of the exact position NPA would take, he felt it was necessary that he confer with Dr. Asahi. Upon conferring with Dr. Asahi, Mr. Sato advised the undersigned that NPA objected in the most strenuous manner to the removal of the employees of this Corporation from under the NPSL as contemplated in the proposed bill. Specifically, he gave the following reasons for NPA's position: (a) The resulting preferential treatment would seriously affect the program for uniform compensation. (b) After release from NPSL authority, the employees of this Corporation would not be limited to the same labor relations as other government employees, but would be in the same position as non-governmental workers. (c) There was a tendency in government circles to evade the NPSL by such piecemeal attempts to exempt agencies from the application of the NPSL.

5. On being advised of the stand taken by NPA, which confirmed the undersigned's earlier decision, Mr. Rizzo decided that Government Section should reject the bill. This rejection would not extend to the provision for increasing the fund of this corporation from ¥6 billion to ¥7 billion, but would extend to all the provisions of the bill relating to removal of the Corporation from NPSL control. This information was passed on to Mr. Kimura of the Liaison Office.

6. Subsequent to the action taken in the preceding paragraph, Mr. Arimoto, Liaison Office, and Mr. Auyama, Finance Ministry, discussed the matter with the undersigned. Mr. Auyama stated the position of the Finance Ministry in favor of the proposal as follows: (a) Under present regulations the Corporation was limited to ¥60 per trip as traveling allowance within the Tokyo Metropolitan area. This was believed to handicap their field work. (b) It was believed that the work of the Corporation was mainly of a banking nature somewhat similar to that of the Japan Development Bank. Since the latter was not under NPSL it was thought that in the interest of uniformity the Corporation should not be under NPSL. (c) Since such a small number of people were involved the Finance Ministry could not understand why Government Section objected to the proposed legislation.

7. The undersigned, in connection with (a) and (b) of the preceding paragraph, advised Mr. Auyama that Government Section was not in a position to advise them how to make available more funds for the Corporation but that surely it could be effected without going to the extreme of removing the Corporation from the National Public Service. In connection with (c) above, it was felt that even though only a small number of employees were concerned, the principles involved affected the entire National Public Service. Though the Finance Ministry suggested that the Corporation was analogous to the Japan Development Bank, the undersigned felt that in all likelihood it was not any the less similar to the Finance Ministry itself, which Ministry undoubtedly performed banking operations far more intricate than either the Japan Development Bank or the Corporation. Mr. Auyama quickly stated that there was absolutely no intention or desire

to remove the Finance Ministry from under the NPSL. It was made clear to Mr. Auyama that Government Section's position was based on the belief that removal of the Corporation from under NPSL control would involve violation of the basic and fundamental principles of the National Public Service Law, as well as those of the SCAP's letter of 22 July 1948.

8. In conclusion, Mr. Arimoto said that the results of the discussion would be passed on to the Minister of Finance who, it was believed, would revise the bill in conformity with Government Section's position.

EDGAR N. JAY
Major Armor

Bill

Submitted to GS for Clearance
through Legislative Affairs Section,
Liaison Bureau, Ministry of Foreign Affairs
(Tel. 57-6010)

Oct. 18,1951

1. **Number:** FOM No. 13

2. **Title:** Bill for Partial Amendments to the People's Finance Corporation Law

3. **Office in Charge:** Ministry of Finance

4. **Date of Cabinet Approval:** Oct. 16,1951

5. **SCAP Section concerned:** Mr. J.R. Phillips, Fiscal Policy Br. Public Finance Div. ESS.

6. **Remark (Reference):**

See attached paper.

7. **GS Reviewers:**

Received by GS

Date 10/18/51

CS: ESS
GS/WM

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Referrence

1. National Public Service Law (Law No. 120 of 1947) Official Gazette No. 468 Oct. 21, 1947
2. Law for Partial Amendment of the National Public Service Law (Law No. 222 of 1948) Official Gazette Extra No. 40 Decem. 3 of 1948
3. Government Employees' Accident Compensation Law (Law No. 191 of 1951) Official Gazette Extra. No. 55 June, 2, 1951
4. Law concerning Travel expenses for National Public Service Personnel and Others (Law No. 114 of 1950) Official Gazette Extra No. 35 Apr. 30, 1950.

FOMN0.13

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Law for Partial Amendment to the People's Finance Corporation Law

The People's Finance Corporation Law (Law No. 49 of 1949) shall be partially amended as follows:

In Article 5, Paragraph 1, "six billion yen" shall be amended as "seven billion yen".

In Article 17, "shall be in the national public service" shall be amended as "shall be deemed as personnel engaged in public affairs in accordance with laws and orders, so far as the application of the Criminal Code (Law No. 45 of 1907) and other penal provisions is concerned".

Article 17 - (2) shall be deleted.

In Article 35, "(excepting cases where paragraph 1 item (3) of the same Article applies)" shall be deleted.

Article 36 shall be amended as follows:

Article 36 Deleted

Article 38 shall be amended as follows:

Article 38 Deleted.

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Supplementary Provisions

1. This Law shall come into force as from the date of its promulgation.

2. The Law concerning Travel Expenses for National Public Service Personnel and Others (Law No. 114 of 1950) shall be partially amended as follows:

In Article 1, paragraph 2, "the People's Finance Corporation" shall be deleted.

In Article 2, paragraph 1 item (1), "the President of the People's Finance Corporation, the President of the Housing Loan Corporation, the Chairman of the Japanese Government Corporation for Housing of Allied Personnel" shall be amended as "the President of the Housing Loan Corporation, the Chairman of the Japanese Government Corporation for Housing of Allied Personnel".

3. The Government Employees' Accident Compensation Law (Law No. 191 of 1951) shall be partially amended as follows:

In Article 4, paragraph 2, "and the People's Finance Corporation" shall be deleted.

4. The provisions of Article 100, paragraph 1 and Article 109 item (12) refering thereto, of the National Public Service Law (Law No. 120 of 1947) shall apply mutatis mutandis to the secret which have come to their knowledge of those officers and employees of the People's Finance Corporation who were national public service personnel before the enforcement of this Law (the term

"officers and employees" means those officers and employees as prescribed in Article 17 of the People's Finance Corporation; hereinafter the same) and who have ceased to be such personnel in concequence of the enforcement of this Law in respect of their duties while they were national public service personnel; the provisions of Article 100, paragraphs 2 and 3, of the National Public Service Law and Article 109 item (12) of the same Law refering to paragraph 2 of Article 100 shall apply mutatis mutandis to the statement of the secret in respect of their duties which have come to their knowledge while they were national public service personnel.

5. The payment of salaries and travel expenses for causes which have occured before the enforcement of this Law, and compensation for accident in line of duty to the officers and employees of the People's Finance Corporation and other workers of the said Corporation shall continue to follow the former instances.

MINISTRY OF FINANCE

THE JAPANESE GOVERNMENT

Reason

It is necessary to increase the capital of the People's Finance Corporation and remove the officers and employees from the position of national public service personnel, in order to make the supply of business fund by the said Corporation smooth and the performance of the business by the said Corporation appropriate.

This is the reason for the proposal of this bill.

GENERAL HEADQUARTERS
SUPREME COMMANDER FOR THE ALLIED POWERS

C H E C K S H E E T

(Do not remove from attached sheet)

Subject: Draft Legislation

File No.: Maj Norris 26-6076

Note No.	From: Govt Sec To: ESS Date: 13 November 1951
1	1. Immediate introduction of the attached draft bill in the Diet is proposed by Finance Ministry. 2. Your prompt comment is requested. 1 Incl Bill for Law concerning Revalidation of Certain Categories of Certificates of Foreign Currency Bonds converted under the old Law relating to the Treatment of the Foreign Currency Bonds and other Incidental Matters F. R.

Jim

For Currency Boards

GOVERNMENT SECTION
BUCK SLIP

11/13 1951

FROM:

TO:	INITIAL	DATE
___	CHIEF	
___	EX O	
✓	Special Assistant Nat'l Affairs	
___	Special Assistant Local Affairs	
___	Adm Div	
___	Par & Pol Div	
___	Public Adm Div	
___	Chief Clerk	
___	File	
___		
___		
___		

FOR:

___ INFORMATION
___ NECESSARY ACTION
___ ACTION (Prepare Reply)
___ APPROVAL
___ INITIAL
✓ COMMENT OR CONCUR
___ RETAIN
___ RETURN
___ FILE
___ BURN

OK wemp

ESS

Bill

Submitted to GS for Clearance
through Legislative Affairs Section,
Liaison Bureau, Ministry of Foreign Affairs
(Tel. 57-6010)

Nov. 10, 1951

1. Number: FOM No. 62

2. Title: Bill concerning Revalidation of Certain Categories of Certificates of Foreign Currency Bonds converted under the Old Law relating to the Treatment of Foreign Currency Bonds and other Incidental Matters.

3. ~~Office in Charge:~~ Office in Charge: Ministry of Finance

4. Date of Cabinet Approval: Nov. 6, 1951

5. SCAP Section concerned: Mr. Reed, Finance Division, ESS.

6. Remark (Reference):

See attached paper.

7. GS Reviewers:

Received by GS

GS: ESS
GS/WM

Date 11/13/51

References:

The following reference Laws and Ordinances are attached:

(1) Law relating to the Treatment of the Foreign Currency Bond (Law No. 60 of 1943)

(2) Enemy Property Custody Law (Law No. 99 of 1941)

(3) Foreign Exchange Control Law (Law No. 83 of 1941)

(4) National Debts Consolidation Funds Special Account Law (Law No. 6 of 1906)

(5) Financial Institutions Reconstruction and Reorganization Law (Law No. 39 of 1946)

---

(1) Enterprise Reconstruction and Reorganization Law (Law No. 40 of 1946): Official Gazette dated Oct. 19, 1946, No. ~~5930~~ 167.

(2) Law concerning Special Measures for the Account of Companies (Law No. 7 of 1946): Official Gazette dated Aug. 15, Extra.

(3) Closed Institutions Ordinance (Imperial Ordinance No. 74 of 1947): Official Gazette dated Mar. 10, No. 281.

(4) Cabinet Order concerning Restoration, etc. of United Nations Property (Cabinet Order No. 6 of 1951): Official Gazette dated Jan. 22, No. ~~1207~~ 1444.

(5) Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949): Official Gazette dated Dec. 1, No. 135.

OMN0.62

Bill for the Law concerning Revalidation of Certain Categories of Certificates of Foreign Currency Bonds converted under the old Law relating to the Treatment of the Foreign Currency Bonds and other Incidental Matters

(Purpose)

Article 1. In order to restore the right of persons who are deemed to have been given unreasonable treatment at the time of the conversion of foreign currency bonds under the old Law relating to the Treatment of the Foreign Currency Bonds (Law No. 60 of 1941; hereinafter referred to as "the old Law") and other persons, this Law aims at providing necessary measures revalidating ~~other persons~~, certain categories of certificates of foreign currency bonds which have been converted with such unreasonable treatment.

(Definition)

Article 2. The term "foreign currency bonds" as used in this Law shall mean the foreign currency bonds as prescribed by Article 1 of the old Law and the City of Nagoya 5% Sterling Loan for £800,000.

2. The term "Japanese currency bonds" as used in this Law shall mean national bonds, municipal bonds and corporate bonds which were issued in exchange for the foreign currency bonds concerned in accordance with the provisions of Article 2 paragraph 1 of the old Law for the purpose of the conversion as prescribed by the same paragraph.

(Revalidation of certain categories of certificates of the converted foreign currency bonds)

Article 3. Among foreign currency bonds which have been converted into the Japanese currency bonds in accordance with the provisions of Article 2 paragraph 1 of the old Law, certificates of those coming under any of the following items, which were not perforated, cancelled, or otherwise nullified at the time of the conversion, and which may specifically be designated by the Minister of Finance shall be revalidated retroactively as from the date of such conversion.

(1). Foreign currency bonds which were converted without consent of the owner of the foreign currency bonds concerned;

Revised FOMNO.62

(2) Foreign currency bonds which had been held in pledge as of the date of such conversion, and which were converted without consent of the pledgee concerned; or

(3) Foreign currency bonds which were or are under process of liquidation, or under custody as enemy property in consequence of the intervention of the state of war between Japan and other foreign countries on and after 8 December 1941, under the Laws of the foreign countries.

2. The Minister of Finance shall, whenever he makes designation as prescribed by the foregoing paragraph, give a public notice on the description, face value, mark and numbering of the foreign currency bonds concerned.

(Revalidation of certain categories of coupons of the foreign currency bonds)

Article 4. Coupons attached to the certificates of the foreign currency bonds as prescribed by paragraph 1 of the foregoing Article, which have been nullified in accordance with the provisions of Article 4 paragraph 2 of the old Law shall be revalidated retroactively as from the date of such conversion of the foreign currency bonds as prescribed by Article 2 paragraph 1 of the old Law (hereinafter referred to as "the conversion") in respect to the obligation to pay interests embodied in the coupons concerned.

2. Coupons attached to the certificates of the foreign currency bonds as prescribed by paragraph 1 of the foregoing Article of which payment (excluding payment effected in exchange for coupons) was made upon orders issued under the old Foreign Exchange Control Law (Law No. 83 of 1941), and which have been nullified in accordance with the provisions of Article 18 paragraph 1 of the old Law shall be revalidated retroactively as from the date of such payment in respect to the obligation to pay interests embodied in the coupons concerned.

3. Coupons of the foreign currency bonds, of which payment was made upon orders issued under the old Enemy Property Custody Law (Law No. 99 of 1941), and which have been nullified in accordance with the

(2) Foreign currency bonds which had been held in pledge as of the date of such conversion, and which were converted without consent of the pledgee concerned; or

(3) Foreign currency bonds which were or are under process of liquidation, or under custody as enemy property in consequence of the intervention of the state of war between Japan and other foreign countries on and after 8 December 1941.

2. The Minister of Finance shall, whenever he makes designation as prescribed by the foregoing paragraph, give a public notice on the description, face value, mark and numbering of the foreign currency bonds concerned.

(Revalidation of certain categories of coupons of the foreign currency bonds)

Article 4. Coupons attached to the certificates of the foreign currency bonds as prescribed by paragraph 1 of the foregoing Article, which have been nullified in accordance with the provisions of Article 4 paragraph 2 of the old Law shall be revalidated retroactively as from the date of such conversion of the foreign currency bonds as prescribed by Article 2 paragraph 1 of the old Law (hereinafter referred to as "the conversion") in respect to the obligation to pay interests embodied in the coupons concerned.

2. Coupons attached to the certificates of the foreign currency bonds as prescribed by paragraph 1 of the foregoing Article of which payment (excluding payment effected in exchange for coupons) was made upon orders issued under the old Foreign Exchange Control Law (Law No. 83 of 1941), and which have been nullified in accordance with the provisions of Article 18 paragraph 1 of the old Law shall be revalidated retroactively as from the date of such payment in respect to the obligation to pay interests embodied in the coupons concerned.

3. Coupons of the foreign currency bonds, of which payment was made upon orders issued under the old Enemy Property Custody Law (Law No. 99 of 1941), and which have been nullified in accordance with the provisions

(2) Foreign currency bonds which had been held in pledge as of the date of such conversion, and which were converted without consent of the pledgee concerned; or

(3) Foreign currency bonds which were or are under process of liquidation, or under custody as enemy property in consequence of the intervention of the state of war between Japan and other foreign countries on and after 8 December 1941.

2. The Minister of Finance shall, whenever he makes designation as prescribed by the foregoing paragraph, give a public notice on the description, face value, mark and numbering of the foreign currency bonds concerned.

(Revalidation of certain categories of coupons of the foreign currency bonds)

Article 4. Coupons attached to the certificates of the foreign currency bonds as prescribed by paragraph 1 of the foregoing Article, which have been nullified in accordance with the provisions of Article 4 paragraph 2 of the old Law shall be revalidated retroactively as from the date of such conversion of the foreign currency bonds as prescribed by Article 2 paragraph 1 of the old Law (hereinafter referred to as "the conversion") in respect to the obligation to pay interests embodied in the coupons concerned.

2. Coupons attached to the certificates of the foreign currency bonds as prescribed by paragraph 1 of the foregoing Article of which payment (excluding payment effected in exchange for coupons) was made upon orders issued under the old Foreign Exchange Control Law (Law No. 83 of 1941), and which have been nullified in accordance with the provisions of Article 18 paragraph 1 of the old Law shall be revalidated retroactively as from the date of such payment in respect to the obligation to pay interests embodied in the coupons concerned.

3. Coupons of the foreign currency bonds, of which payment was made upon orders issued under the old Enemy Property Custody Law (Law No. 99 of 1941), and which have been nullified in accordance with the provisions