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By MASANA HASEGAWA*

I. INTRODUCTION

The securities market is a mirror that reflects every political, economic, and social movement both in Japan and overseas. In the 1980s commodity deflation, including deflation of oil, occurred. Inflation ended, nominal interest rates went down, and the prices of stocks and securities went up globally. However, this business prosperity was shattered by Black Monday.

The markets in every country have settled down for the time being, and they continue their efforts toward recovery. In reviewing the framework of the postwar political, economic, and social systems, some problems do persist, such as the problem of countries with debt accumulation. In this environment, Japan's securities market has been contributing toward the economy of overseas nations as an international capital market and has been providing the opportunity for Japanese people to raise and utilize funds. Reforms to the system are being discussed in order to cope with the increasing role of securities in finance, diversification of the market, and globalization of finance. The taxation of the securities market needs to be discussed and modified in such a way as to encourage investors in Japan and from overseas to contribute to economic development through investment in securities by giving consideration to the position of Japan's securities market in such an environment.

II. THE SECURITIES TAX SYSTEM

Although referred to as a securities tax system, the taxes paid by investors come in various types and forms. Taxes on holders of securities include: (1) taxes on interest; (2) taxes on dividends; (3) taxes on dividends received (the problem of double taxation of the corporation's income and the shareholders' dividends); (4) taxes on discount debentures;

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and (5) uniform separate taxation on dividends from new financial products.

Several different taxes apply to transfers of securities. These taxes include: (1) securities transaction tax on the seller; (2) consumption tax on various commissions; (3) Bourse transaction tax on future transactions; and (4) stamp duty on domestic CPs which are regarded as promissory notes.

When securities are transferred, a capital gains tax is levied. A system of separated taxation (withholding separation or assessment separation) and general taxation was instituted on an individual's capital gains such as gain from the sale of stocks.

The current taxation of securities is as complex and interrelated in terms of systems and practice as well. Tax systems that respond to rapid economic growth, slow economic growth, and the diversified transaction products or markets are all mixed together. Adopting new methods in the structural reform of the market is required. Hopefully, a fair and simple taxation system incorporating globalization and neutrality can be established.

III. HISTORY OF POSTWAR TAXATION OF SECURITIES

A. Tax Reforms by the Shoup Mission and Amendments (1950-1955)

The real postwar reforms to the taxation system were started by the Report on Japanese Taxation by the Shoup Mission in 1950, and the systematization of securities taxation was carried out within that framework. The Shoup tax reforms adopted a taxation system centered on inclusive income tax with the following features: (1) corporation tax was stipulated as prior to income tax, and double taxation was eliminated by creating an exemption credit for dividends and dividend income received by a corporation; (2) the full amount of stock transfer income was taxed, and the full amount of loss on stock transfer income deducted (two percent tax on the corporation's retained income to compensate for the tax deferment on income tax); and (3) the securities transfer tax (paid by the buyer) was abolished.

However, the Shoup reforms soon were amended as follows: (1) in 1951 withholding tax on dividends was reinstated; (2) in 1952 deduction of one hundred thousand yen on stock transfer income was created; (3) in 1953 the principle of no tax on stock transfer income was adopted (because of difficulty in assessment); (4) securities transaction tax was instituted in its place; and (5) in 1954 a tax exemption for three years on additional stock dividends was created. In answer to the oversupply of stocks due to the release of stocks after the dissolution of the *zaibatsu* in accordance with postwar policies on democratization of the economy, and the ongoing capital increase which occurred with the reconstruction and readjustment of private enterprise, amendments were made to the Shoup taxation system.

B. Policy Taxation System for Capital Accumulation During High Economic Growth (1955-1985)

In the second phase of securities taxation reforms which took place from 1955 through the 1960s, a capital accumulation taxation system to support rapid economic growth was proposed. Discussions focused on eliminating double taxation on corporation tax and income tax on dividends, and balancing taxation of dividends and taxation of interest in accordance with the improvement of net worth by companies. The discussion centered on the state of taxation of interest and dividends to promote savings and investment in securities.

The following changes were made to the system: (1) in 1955 the system was modified to allow interest on savings to be tax free for two years and then taxed separately; (2) the National Savings Cooperative, organized during the war in 1941, originally was an assistance system of tax free interest; (3) in 1963 it became a tax free system on small deposits and savings (tax free system on postal savings started in 1920); and (4) different taxation rates were applied to dividends for reserve and to dividends at the paying company from 1961 (tax relief on corporation tax for the amount of payment for dividends).

The supply of funds which supports rapid economic growth was centered on an indirect financing system based on low interest rates. The securities market was a marginal fund supply market. Thus, interest had always been favorably taxed. In order to balance this, tax relief on the amount of dividends on corporation tax, similar to the German system, was adopted. Further, because of the large increases in capital during the period of rapid economic growth in the 1960s, there was an oversupply of stock, resulting in a stock market panic in 1985. Because of this panic, a selective taxation system to separate dividends received in the withholding tax and the system of not filing minor amounts of dividend income were subsequently enacted.

Under the income tax law, the composite taxation system (twenty percent withheld) had been applied to both interest and dividends. During the period of rapid economic growth and against the background of strengthening the capital accumulation policy, however, the preferential treatment discussed above was adopted in the Special Taxation Measures Law.

C. Period of Low Economic Growth and Discussion of Partiality of the Taxation System (1965-1975)

From the end of the 1960s to the 1970s, adjustments to the policy taxation system, such as the Special Taxation Measures Law, were advocated because of the deficiency in tax revenue following the oil crisis. There was also corruption in political circles, such as the Lockheed incident, and reviewing the taxation system from the point of view of rectifying social partiality became a major issue. The report by the government's Tax Commission pointed out that the payment for medical care by social insurance (a taxation system which favors doctors), the income from the sale of land, and special considerations for income from interest and dividends were all representative of an unfair taxation system.

The taxation system reforms carried out in March 1980 tried to introduce a green card system (a system of personal identification to prevent fictitious names) in order to move towards a consolidated taxation system for interest income, dividend income, and profit from redemption of discounted debentures. However, there was strong opposition to this rapid shift, and the enforcement was postponed. The proposal was eventually abandoned in the 1985 taxation system reforms.

Approximately fifty million people in Japan, out of a total population of one hundred and twenty million, are wage earners. Most earners of employment income pay income tax through withholding, so that their income is caught automatically. On the other hand, business income earners, liberal profession income earners, and asset income earners are subject to the self-assessment taxation system. The owner of a small or medium size enterprise can gain a tax advantage by incorporating. This self-assessment taxation system gave rise to the discussion on the partiality of the taxation system.

A taxation increase was proposed as a temporary remedy to the lack of tax revenue. The rate for the securities transaction tax was raised, with the rate on stocks in particular increasing rapidly from fifteen percent to thirty percent in 1973, to forty-five percent in 1978, and to fifty-five percent in 1981.

D. The Problem of Balanced Taxation Between Income, Assets, and Consumption (1975 and After)

In the decade from 1975 to 1985, securities taxation was handled not only in relation to corporation tax and income tax, but as part of reforms of taxation of assets and taxation of consumption and services.

The November 1983 interim report by the government's Tax Commission called for establishing a taxation system that corresponded to the changes in the industrial and employment structure, leveling of income, aging of the population, and changes in the social structure such as the diversification of consumption and the move towards service industry.

In Japan, the issue of introducing a general consumption tax and value-added tax (VAT) had been discussed by the Tax Commission during the mid-1960s as a means of correcting the direct and indirect proportion of tax revenue. These issues are discussed in reports such as the "Future Taxation System" in 1971, "Interim Report on the Taxation System" in 1977, and "Outline of General Consumption Tax" in 1979. Meanwhile, in the European Community, VAT was introduced in Denmark in 1967 and in Italy and Britain in 1973. Adoption of the VAT in these European countries had important repercussions for Japan.

First, the "Report Concerning a Radical Review of the Taxation System" by the Government Tax Commission in October 1988 stated that because income from interest and dividends is generated in large quantities and because of its unique characteristics of versatility and mobility as compared to the other financial products that form the principal, the government should pursue a realistic and feasible system including uniform separated taxation to answer the need for simplicity, neutrality, and efficiency. The Maruyu system (nontax system for small savings) also went through major reforms and became limited to elderly people. As a result, the traditional thinking on income tax, which had always considered general progressive taxation as the ideal, changed direction completely and adopted the view that separated taxation was unavoidable.

Secondly, in the 1987 reform the number of transactions and stocks subject to capital gains tax (up to then, capital gains were taxed if the number of transactions exceeded fifty, and for over two hundred thousand stocks annually, since this was regarded as commerce) was increased. The securities transaction tax and the Bourse transaction tax were also increased. However, the bill to establish a sales tax was rejected, general income tax was reduced, and taxation of assets was increased.

Thirdly, in 1988 consumption tax was proposed and there was a clear move towards higher taxation of income from assets, such as: (1) a shift towards taxation in principle on capital gains (reducing part of the securities transaction tax); and (2) compression of corporation tax relief for payment of dividends at the corporate level. Taxation in principle on capital gains was a revolutionary reform, marking a shift from nontaxation in principle retained for over thirty years, since 1953, to one of taxation.

IV. RECENT DISCUSSIONS ON SECURITIES TAXATION SYSTEM

A. Abolishment of Consumption Tax, the Bill for Substitute Revenue, and Taxation of Securities by the Four Opposition Parties

At the end of October 1989 the four opposition parties (Japan Socialist Party, Komeito Clean Government Party, Japan Democratic Socialist Party, and United Social Democratic Party) announced they would propose three bills before the Diet: (1) a bill to abolish the consumption tax; (2) a bill to reform the taxation system; and (3) a bill for an alternative source of revenue since a deficit may result from abolishing the consumption tax. The four opposition parties' bill concerning reforms to the taxation system was related to the abolishment of consumption tax, and it contained several problems which could have a grave effect on taxation on securities. These problems should be discussed regardless of the outcome of the bill.

The opposition parties' bills emphasize that the direct tax should be primary and the indirect tax should be secondary. The bills propose that a taxation system balanced between income, assets, and consumption should be established, and the system should be based on the principle of ability to pay, with consideration also given to the benefit principle. A taxpayer identification numbering system and rectification of the corporation tax are proposed by the bills as means of promoting improved conditions for consolidated taxation.

The four opposition parties' bills make the direct tax primary, and the indirect tax secondary, and try to establish a consolidated income tax system by passing the taxable income through a taxpayer identification numbering system. This direction is different from that advocated by the government's Tax Commission. That direction is a taxation balanced between income, assets, and consumption. The Commission is also aiming at intensifying corporation tax, which does not comport with international trends.

Looking at the alternative source of the revenue bill (the source of revenue for reductions in income tax and corporation tax in line with the abolishment of consumption tax) with regard to securities taxation, the bill proposes an increase in taxation of capital gains and the securities transaction tax, as well as postponement of the gradual reductions in corporation tax which are in the government's original bill. The bill proposes raising capital gains tax by forty percent, as well as a thirty percent increase in the securities transaction tax. These increases run counter to the aims of abolishing taxation on capital gains and establishing a securities transaction tax in Japan. One can only conclude that the purpose of this substitution is to find an alternative source of revenue.

In the first instance, the securities transaction tax has a history of being a substitute tax for nontaxation in principle of capital gains (1953), so that it is a taxation system which should naturally be abolished if the capital gains tax were reinstated. In the current taxation system, established in April 1989, the rate of securities transaction tax on stocks remained a reduction of about forty percent, from 0.55 percent to 0.30 percent. The four opposition parties are trying to raise this rate. An increase in this tax will raise transaction costs, sending corporate investors overseas and hollowing out the domestic market, which makes it difficult to ensure tax revenues.

Turning to overseas trends in securities transaction tax, in the United States, New York was the last state to abolish the securities transaction tax, and it did so in 1981. The Netherlands abolished this tax in 1990, and Germany is planning to abolish it in 1993. Currently, there are moves in Britain and France to abolish the stamp duty and Bourse transaction tax, and both countries are trying hard to remove the national boundaries in securities transactions to prepare for the integration of the European Community. With these changes in the environment, it is obvious that raising the securities transaction tax rate would increase transaction costs in the Japanese market and deprive it of its international competitiveness.

Capital gains tax is complex both as a system and in theory, and in particular contains many difficulties in practice, as well as producing complex and intricate psychological effects. A rumor in the Milan market in 1988 that a capital gains tax was to be introduced caused a drop of over eighteen percent in May and over seventeen percent in June. In the Taipei market at the end of September 1988, limit down continued and, partly due to a sharp year-end upswing, plunged over thirty percent when it was announced that the capital gains tax which was introduced for two years in 1974, was to be reinstated in 1989. Thus, careful consideration should be given to introducing or intensifying such a tax, and its interrelation with other securities taxation systems must be considered.

The problems with full-scale introduction of a capital gains tax are as follows:

(1) The effect the tax will have on the market should be recognized. As of the end of March 1990 the total number of individual stockholders reached 24.09 million among the listed companies in Japan (2031 companies), so that about twenty percent of all households own stocks. The Japanese capital market contributes to financing business, government, and international organizations throughout the world, as one of the world's three major markets. This market environment must be fully taken into account;

(2) Historically, the securities transaction tax was instituted to substitute for the abolishment in principle of the capital gains tax. Trying to keep both, as the opposition parties are trying to do, would create a major discrepancy;

(3) The next problem is in the case of excessive loss, the range of deductions from income including earning-income, and the limit on carry over to the next year in the case of insufficient deductions;

(4) The inflation adjustment of the acquisition price;

(5) The categorization by length of tenure including inflation adjustment, and reduction of taxation rate for long term tenure for leveling of income;

(6) The rise in stock prices includes the contribution from retained earnings, but the amount for retained earnings has already been subject to corporation tax, so that an adjustment is required on the double taxation of the corporation tax and the capital gains tax. (In Japan, the average dividend propensity is low, and it was an average of 34.49 percent for the 959 companies listed on the Tokyo Stock Exchange that closed their annual settlements in March 2000.)

(7) Adopting a taxpayer identification numbering system proposed by the four opposition parties to record stock investment is problematic;

(8) Despite having a taxation rate on income that reaches a maximum rate of fifty percent in Japan (in the United States, the maximum rate is twenty-eight percent) with consolidated income taxation, the bill advocates a 19.6 percent separate tax on capital gains;

(9) The lock-in effect of the capital gains tax (the strong tendency to avoid selling, and according to a New York Stock Exchange survey, the

lower the tax rate, the greater the tax revenue), so that it is important for the taxation system to respect neutrality in portfolio selection;

(10) The influence on risk capital supply to venture business; and

(11) The need for consistency with the rest of the world. Maintaining internationality of the securities taxation system is an essential condition in the globalization of the market, and this should be considered particularly important in the context of the integration of the European Community.

Capital gains tax, in particular, is fraught with difficulties. When proposing a new capital gains tax, internationality must be considered, as well as maintenance of uniformity in terms of system and practice. The tax's influence on the market, and the principles of fairness, neutrality, and simplicity of the taxation system must be taken into account. The reforms proposed by the four opposition parties are totally lacking in these considerations.

B. Discussion of the Taxation System in the Report by the Securities and Exchange Council

The Securities and Exchange Council, under the Ministry of Finance, has prepared a report in the second study group on the study of basic problems, subtitled "For Building an International Capital Market (June 15, 1990)." This report makes several points with respect to reducing the tax burden on interest income and reducing the tax burden on securities transactions.

The report notes that in the advanced nations, there are moves to abolish withholding income tax on interest and to alleviate the tax burden on securities transactions. Japan's taxation system on securities transactions also should be one that does not unduly restrict the free flow of capital. Securities transactions that go beyond national boundaries have increased with financial globalization. With the growing role of securities in finance, it is important that the product structure or the trading situation are not affected by the securities transaction taxation system.

C. Discussion of the Short-Term Money Market Taxation System

The report "The Current Situation and Obligations of Japan's Short-Term Money Market" (the short-term money market study group—June 8, 1990) drawn up by a study group consisting of fifteen members (eleven businessmen including three businessmen from foreign banks and foreign securities companies and four academics) under the chairmanship of Professor Akiyoshi Horiuchi of Tokyo University, and with its secretariat in the Banking Bureau of the Ministry of Finance and the Planning Department of the Bank of Japan, made the following points on the taxation system:

1) Problem of Stamp Duty Regarding the Commercial Paper Market

When one looks at the recent trend in lending by financial institutions, it is shifting from loans on bills to overdraft or loans on deeds. Though partly due to financing strategy, it is the result of efforts to reduce the burden of stamp duty. A review of the stamp duty from the standpoint of neutrality of the taxation system concerning the mode of financing by financial institutions is necessary.

2) Problem of Withholding System Regarding the Certificate of Deposit Market

Whether withholding tax is applied or not to the interest from a certificate of deposit (CD), it is handled differently according to the taxation category of the final holder, and for this reason the following concerns arise: (1) the short-term CD transaction rate tends to go up higher than the actual rate just before maturity; and (2) the increase in the volume of CD issues may be restricted by the volume of purchase capability of the CD by exempt corporations. Further examination is needed.

3) Problem of Taxation of Certificates of Deposit

In Japan, CDs are regarded as a form of promissory note. Thus, a stamp duty is imposed on CDs. A graduated tax rate used to be applied, but this was reformed to a uniform rate of five thousand yen. However, it is still subject to tax.

4) Problem of the Withholding System with Respect to the Issuance of Treasury Bills

An eighteen percent withholding tax is applied on the profit on redemption of treasury bills (TBs) at the time of issuance, as for other discount bonds, with the following exceptions: (1) for taxable corporations, the full amount of withholding is deducted from the corporation tax; (2) for exempt corporations, it is refunded on demand at the time of redemption; and (3) for foreign central banks approved for sovereign immunity, it is refunded at the time of acquisition through a prescribed procedure.

Normally, TBs are bought and sold on the bond resale market so that they are circulated with the withholding amount on top of the price. Although the withholding amount does not impair their circulation significantly, and in fact, the volume of circulation is quite large, it is possible that it does not fully answer the needs of the participants in the domestic market for buying and selling. Some experts believe that although TBs are important as yen assets for nonresidents, since there are hardly any countries that impose withholding tax on TBs acquired by nonresidents, the withholding tax could dissuade nonresidents from purchasing Japanese TBs under the current system.

5) Problem of Securities Transaction Tax in the Bond Repurchase Market and Loan Market

The bond repurchase market needs to be revitalized, but in order to do so, the securities transaction tax (the burden of which becomes relatively heavier the shorter the repurchase period) balanced with other short-term financial products, should be maintained.

D. Re-Examination of Taxation of Capital Gains

As a result of the 1987 reforms to the tax system, the exemption system (Special Taxation Measures Law) on income on interest up to three million yen was abolished effective October 1987, and a separate tax at source at a uniform rate of twenty percent was introduced. As a result of the 1988 tax reforms, income from capital gains for individuals became taxable in principle (separate taxation by self-assessment and separate taxation at source), effective April 1989. In doing this, article 51 of the Income Tax Law revised in 1987 stipulated that the form of taxation on interest income shall be reviewed as necessary after five years from the implementation of the law, including the issue of moving toward consolidated taxation.

Further, additional clause article 81 of the Income Tax Law, revised in 1988, stipulates that the form of taxation of income from capital gains shall be reviewed (together with the review stated in the additional clause 51 of 1987). The article also provides that the issues of moving to consolidated taxation, introducing a taxpayer identification numbering system, and the relation to the overall tax rate structure should also be reviewed.

As mentioned above, although the ideal system is a general progressive taxation system on income, the government's Tax Commission viewed the separated taxation system as a necessary reality because of the difficulty in catching income from the diversification of financial products. From this standpoint, although these additional clauses suggest a review of the situation, in reality, we are moving towards the admission that separate taxation is inevitable.

V. CONCLUSION

The postwar securities taxation system was instituted by the Shoup tax reforms that set up consolidated taxation on income. However, taxation of securities then increasingly became a policy taxation system for capital accumulation to support rapid economic growth. This was followed by a period of low economic growth and deficiencies in tax revenue after the oil crisis. The policy taxation system was considered to be unfair, and the proposal to introduce a green card system (a system of personal identification to prevent fictitious names) caused upheaval.

In the latter half of the 1980s, balancing taxation of income, assets, and consumption was regarded as an urgent need in line with the increasing need for globalization of the taxation system.

It is worth noting that taxation of securities was first discussed as part of the question of taxation related to assets such as land and financial assets, against the background of the discussions on the policy of the taxation system and the expansion of the base of taxation.

Japan's securities market now forms one of the world's three major markets in contributing to the effective distribution of funds of the national economy, to the improvement of the international competitiveness of industry, and to forming the assets of the nation. The future securities taxation system must be established on principles of impartiality, neutrality, globalization, and simplicity towards improving the mobility and efficiency of the market.

Supplement （付） 現行証券課税一覧

		1988.4	89.4	90.10
① 株式配当金	② 源泉徴収税率	20%		
	③ 配当控除	㉕ 課税総所得1,000万円以下10%同超5%		
	④ 源泉選択税率	35%		
	⑤ 申告不要限度額（半期）	㉖ 50,000円以下		
	⑥ 支払調書提出不要限度額（半期）	㉗ 50,000円以下		
⑦ 株式投信・公社債投信の収益分配金、債券の利子		㉘ （源泉分離課税） ㉙ 20%（所得税15% 住民税5%）		
⑧ 割引債の償還差益に対する課税		18%		
⑨ 老人等の非課税制度	⑩ 少額貯蓄非課税制度	㉚ 300万円		
	⑪ 少額公債非課税制度	㉛ 300万円		
	⑫ 財形住宅（年金）貯蓄非課税制度	㉜ 500万円		
	⑬ 郵便貯金非課税制度	㉝ 非課税限度300万円		
⑭ 有価証券取引税	⑮ 株式 株式投資信託	㉞ 1万分の55	㉕ 1万分の30	
	⑯ CB・WB	㉟ 1万分の26	㊲ 1万分の16	
	⑰ 公社債投信 CB・WBを除く公社債	㊳ 1万分の3		
⑱ 取引所税	⑲ 証券先物取引	㊴ 国債先物 1万分の0.1 ㊵ 株先50 1万分の1.25		㊶ 1万分の0.1
	⑳ 株価指数先物取引			㊷ 1万分の0.1
	㉑ 通貨等金融先物取引		㊸ （ユーロ円金利先物取引）	㊹ 1万分の0.01
	㉒ オプション取引			㊺ 1万分の1
㉓ 株式の譲渡所得等		㊻ 原則非課税 ㊽（継続的取引、株式50 [illegible]、[illegible]のゴルフ会員権 [illegible] は総合課税）	㊼ 課税（申告分離、源泉分離） ㊾（株式50、株式形態ゴルフ会員権は総合課税）	
㉔ 債券の譲渡所得		㊿ 原則非課税 (52)（国外発行ゼロクーポン債、低クーポン債等、ディープ・ディスカウント債等、割引 [illegible] 債等は総合課税）	(51) 一般公社債は非課税 (53)（[illegible]）	

Table of Current Taxation on Securities

1. Dividends
2. Withholding tax rate
3. Tax Credit for dividend income
4. Withholding tax rate when separate taxation is elected
5. Amount of dividends not required to file tax return (half-year base)
6. Amount of dividends not required to report for information return (half-year base)
7. Distributed gain from securities investment trust, interest from bonds and debentures
8. Withholding tax rate for gains from original issue discount on debentures
9. Exemption for qualified aged person, etc.
10. Interest from small saving
11. Interest from small sum of government bonds
12. Interest from specific savings for the acquisition of employees' dwellings
13. Interest from postal savings
14. Securities transaction tax
15. Stock, stock investment trust
16. Convertible bond (CB), bond with equity warrant (WB)
17. Bonds and debentures investment trust, government bond and debentures exept for CB and WB
18. Bourse tax
19. Securities futures
20. Stock index futures
21. Financial futures including currency futures
22. Option
23. Capital gain derived from the transfer of stocks
24. Capital gain derived from the transfer of bond and debentures
25. Ten percent: When total taxable income is ten million and less five percent: When total taxable income is exceeding ten million yen
26. 50,000 yen and less
27. 50,000 yen and less
28. When elected tax withholding is separate from other income
29. Tax rate twenty percent (income tax fifteen percent, local inhabitant tax five percent)
30. Amount of the principal : up to three million yen
31. Amount of the principal : up to three million yen
32. Amount of the principal : up to five million yen
33. Amount of the principal : up to three million yen
34. 55/10,000

35. 30/10,000
36. 26/10,000
37. 16/10,000
38. 3/10,000
39. Government bonds futures 0.1/10,000
40. "Kabusaki 50"(one of the stock index futures) : 1.25/10,000
41. 0.1/10,000
42. 0.1/10,000
43. Interest futures for Euro-yen
44. 0.1/10,000
45. 1/10,000
46. Not taxable as a rule
47. Taxable (by filing of return or tax withholding, separate from other income)
48. Except for derived from:
    (1) continual trading of stocks;
    (2) trading of "Kabusaki 50";
    (3) transfer of the stocks bought up;
    (4) transfer of stocks similar to selling a business;
    (5) transfer of membership of golf course assuming the form of stock;
    (6) transfer of more than 120,000 stock of the same name in a calendar year; and
    (7) transfer of specific stocks designated by the Stock Exchange; these capital gains are subject to aggregate taxation.
49. Capital gain derived from "Kabusaki 50" and membership of golf course are subject to the aggregate taxation
50. Not taxable as a rule
51. Capital gain derived from ordinary bonds and debentures is not taxable
52. Capital gain derived from:
    (1) zero-coupon bonds issued abroad;
    (2) low-coupon bonds;
    (3) deferred payment bonds; and
    (4) short term discount government bonds are all subject to aggregate taxation.
53. Capital gain derived from:
    (1) CB & WB—separately taxed (by filing of tax return or tax withholding)
    (2) zero or low coupon bonds, deferred payment bonds and short term government discount bonds—aggregate taxation