

Government Subsidy Programs (April 2025)

The Jaanese government continues to offer generous subsidy programs in 2025 to stimulate innovation, digital transformation, and business continuity for small and medium enterprises (SMEs). This presentation outlines five major subsidy initiatives relevant to JSM Tokyo and its growth plans.

Each program is summarized with its purpose, funding parameters, and eligibility under the latest guidelines as of April 2025. All information reflects the most recent policy updates and figures for 2025.

One Step Beyond株式会社 One Step Beyond Co., Ltd

代表取締役 CEO

中小企業診断士 METI Certified SME Management Consultant

水谷 弘隆 Hirotaka Mizutani

E mail mizutani@onestepbeyond.co.jp

Moble/WhatsApp +81 90 6567 9320



Agenda: Five Key Subsidy Programs

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New Business Entry Subsidy (新事業進出補助金)

Supporting expansion into new business fields with substantial capital investments

2

IT Implementation Subsidy (IT導入補助金)

Funding digital transformation through software and IT systems adoption

3

Monozukuri Subsidy (ものづくり補助金)

Co-funding innovative product development and international expansion

4

Succession/M&A Subsidy (事業承継・M&A補助金)

Supporting business transitions and post-succession improvements

5

Small Business Sustainability Subsidy (小規模事業者持続化補助金)

Helping micro-businesses with marketing and operational improvements

New Business Entry Subsidy（新事業進出補助金）：

Overview

Purpose

Supports companies expanding into new business fields by providing co-funding for substantial capital investments required to enter a different industry or market segment.

Example

A precision machining company receiving this subsidy to invest in equipment and facilities for manufacturing semiconductor device components – a new field beyond its current operations.

Coverage

50% of eligible project costs, focusing on expenses such as equipment purchases, facility construction or remodeling, system implementation, and marketing needed for the new venture.

New Business Entry Subsidy: Funding Amounts

¥25M

≤20 employees

Up to ¥30M with wage increase bonus

¥40M

21-50 employees

Up to ¥50M with wage increase bonus

¥55M

51-100 employees

Up to ¥70M with wage increase bonus

¥70M

101+ employees

Up to ¥90M with wage increase bonus

The minimum subsidized project size is ¥15 million (meaning a minimum of ¥7.5 million government subsidy at 1/2 rate). Higher "bonus" ceilings apply if the company commits to an exceptional wage increase plan, in line with government policy to raise worker pay.

New Business Entry Subsidy: Eligibility Criteria



New Market Focus

Launching a new product or service targeting new customers (not just expanding an existing line)



Value Growth

Achieving a boost in added value (value-added output) of at least +4% per year on average over the plan period



Wage Commitment

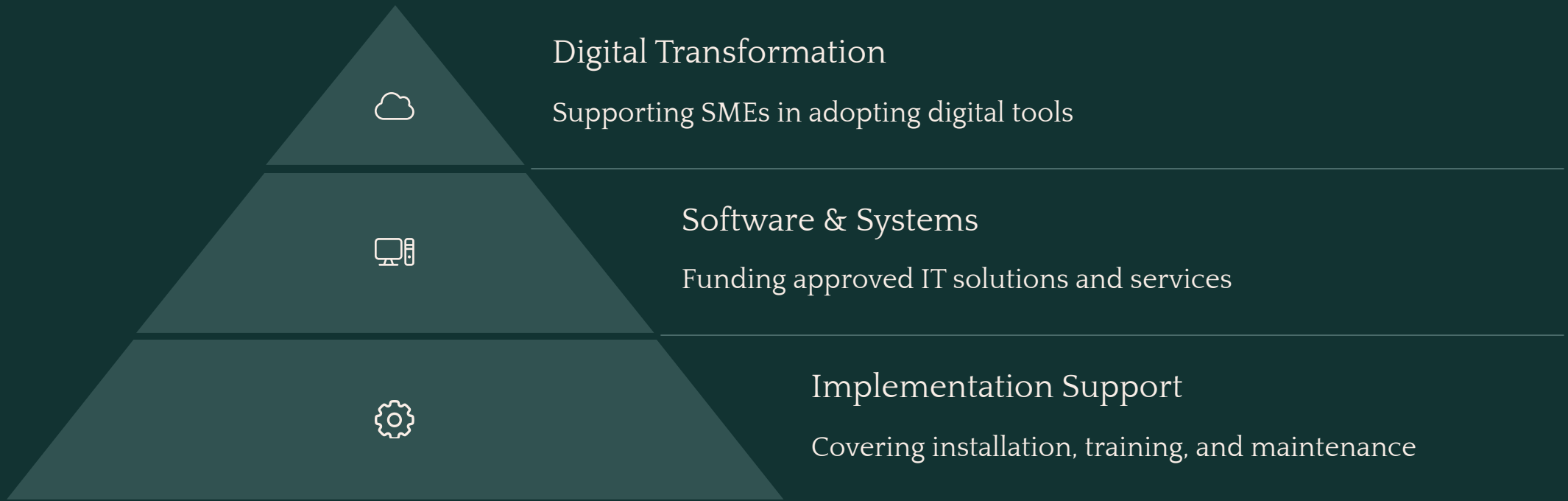
Increasing the total payroll per employee by more than either the local minimum wage growth rate over the past 5 years or +2.5% per year, whichever is higher



Employment Standards

Ensuring the company's starting wage level is at least ¥30 above the regional minimum hourly wage and promoting workforce-friendly policies

IT Implementation Subsidy (IT導入補助金) : Overview



The IT Implementation Subsidy helps fund the introduction of approved IT solutions – such as SaaS systems, enterprise software, ERP/CRM platforms, accounting or inventory management systems, e-commerce setups, and other IT services – especially for back-office automation and digital transformation.

IT Implementation Subsidy: Key Features

Implementation Partnership

Applicants must implement IT solutions from a list of pre-vetted tools in collaboration with a certified "IT implementation support provider" (an approved IT vendor or consultant).

The program essentially forms a partnership between the SME (subsidy recipient) and certified IT vendors to ensure the project's success.

Funding Structure

Normal Track (Type A & B): Covers half (50%) of IT tool costs. Type A is for smaller projects (typically up to around ¥1.5 million subsidy) and Type B for larger IT investments (up to ¥4.5 million subsidy).

Special tracks for invoice compliance (66-80% coverage) and security/DX implementations are also available with varying rates.

IT Implementation Subsidy: Special Tracks

Invoice Compliance Track

Projects that include invoice management or billing software can receive a higher subsidy rate of 2/3 (66%) up to 4/5 (80%) of costs, with a maximum subsidy of about ¥3.5 million. This higher rate incentivizes small firms to upgrade their billing systems to comply with tax invoice requirements.

Security and DX Track

There is dedicated support for cybersecurity tools and advanced DX (digital transformation) solutions. For instance, cybersecurity enhancement software may be subsidized at 50% up to ¥1.0 million.

Multi-Company Collaboration

In multi-company collaborative IT projects (where several SMEs jointly implement a shared system), the subsidy can cover up to 2/3–4/5 of costs, up to -¥3.5 million per company.

Monozukuri Subsidy（ものづくり補助金）：

Overview



Innovation Support

Flagship program for manufacturing and service innovation



Two Main Frames

Product/Service High-Value-Added and Global Expansion



Performance Requirements

Value-added growth and wage increase commitments

The Monozukuri Subsidy – formally the "Manufacturing, Commerce, and Service Productivity Improvement Promotion Subsidy" – is now in its 19th round of calls (as of early 2025). This program co-funds investments that lead to development of new products or services, or significant business expansion such as entering overseas markets.

Monozukuri Subsidy: Product/Service High-Value-Added Frame



Innovation Focus

Supports projects where a company introduces cutting-edge equipment or systems to develop innovative new products or services that create high added value for customers.



Funding Rates

The subsidy covers up to half of the project cost for most SMEs, or up to two-thirds for small enterprises or micro businesses (as well as certain businesses recovering from adversity).



Scaled Maximums

Maximum subsidy amounts scale with enterprise size: ≤ 5 employees (¥7.5M), 6-20 employees (¥10M), 21-50 employees (¥15M), 51+ employees (¥25M).

Monozukuri Subsidy: Global Expansion Frame

Purpose

This category is aimed at projects that cultivate overseas demand. Eligible initiatives include developing products for export, adapting services to attract inbound international customers, setting up production for foreign markets, or collaborations with overseas firms.

In essence, if the investment will help the company enter or expand in international markets, it falls under the global frame.

Funding

The global frame offers a flat maximum subsidy of ¥30 million for any SME, regardless of size. The subsidy rate is the same as the general frame – 1/2 of costs (or 2/3 for small/micro enterprises).

This higher cap acknowledges the typically larger scale and cost of international expansion projects (e.g., compliance with foreign standards, international marketing, etc.).

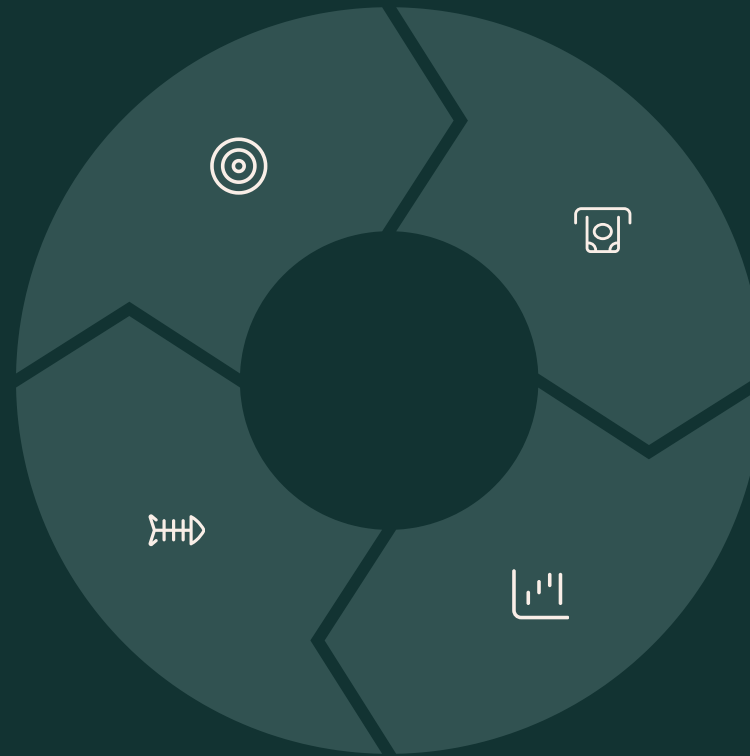
Monozukuri Subsidy: Performance Requirements

Value-Added Growth

Achieve an increase in "added value"
(value-added = operating profit +
personnel costs + depreciation) by
an average of $\geq 3\%$ annually over 3–
5 years

Wage Increase Bonus

Additional ¥1-10M subsidy cap
increase for companies committing
to $\geq 6\%$ annual payroll growth



Wage Increases

Raise employee (and executive)
salaries by an average of $\geq 2\%$
annually (or above local minimum
wage growth rate) in the same
period

Performance Monitoring

Regular reporting on achievement of
targets; failure may result in partial
subsidy return

Monozukuri Subsidy: Global Frame Requirements



Overseas Direct Investment

Setting up operations abroad to establish international presence



Export Market Development

Creating products specifically for international markets



Inbound Tourism/Business

Attracting international customers to Japan-based services



International Collaboration

Joint projects with overseas companies to expand reach

Companies applying for the global frame must meet the general Monozukuri requirements (3% added value increase, 2% wage increase) and additionally demonstrate the project's direct link to boosting overseas business by satisfying at least one of these four "global needs" criteria.

Succession/M&A Subsidy (事業承継・M&A補助金) : Overview

Purpose

Supports SMEs undergoing a change of ownership – whether through family succession, M&A, management buyouts, or other transfer of business – to ensure continuity and encourage post-succession business improvements.

Japan faces a widespread succession challenge as many business owners age, so this program aims to facilitate smooth transitions and keep businesses viable under new leadership.

Key Components

- Business Innovation after Succession
- Succession/M&A Facilitation (Expert Support)
- Rechallenge Support (for business closures followed by new startups)

The program provides funding for both business improvements under new ownership and the professional costs associated with ownership transfers.

Succession/M&A: Business Innovation after Succession

Purpose

Provides funding to a company's new owner (or upcoming successor) to help them invest in revitalizing the business after taking over. It encourages the successor to implement changes like developing new products or services, upgrading equipment, opening new sales channels, or other improvements.

Eligible Costs

Equipment purchases, system installations, marketing and branding expenses, new product development costs, business process improvements, etc., as long as they are part of a plan to strengthen the company post-succession.

Funding

The subsidy covers up to 2/3 of project costs (for small/micro enterprises or those meeting certain conditions), or 1/2 for medium-sized firms. The base maximum grant is ¥6 million per business, rising to ¥8 million with wage increase commitments.

Succession/M&A: M&A Facilitation

Expert Support Focus

This portion helps cover the professional fees and costs associated with executing a business succession or M&A transaction. The subsidy offers to pay a portion of expenses for financial advisors, consultants, lawyers, accountants, or M&A brokers.

Buyer & Seller Support

Support is available for both buyers (acquiring another company) and sellers (transferring ownership), covering advisory and due diligence fees on both sides of the transaction.

Funding Parameters

Generally covers up to 2/3 of expert service fees related to the succession or M&A deal. The maximum amount is typically ¥4 million for one side of a deal (e.g., a buyer) and up to ¥6 million for the other side if certain conditions apply.

Succession/M&A: Rechallenge Support



Business Closure Support

Provides funding to cover the costs of closing down a business in an orderly manner, including legal closure fees and debt disposal.



Fresh Start Funding

Helps entrepreneurs launch a new enterprise after closing their previous business, supporting a second chance at business success.



Funding Amount

Provides up to ¥1.5 million at a 2/3 subsidy rate to cover both closure costs and new business startup expenses.

This separate category exists for entrepreneurs who close a business and start a new one. It is aimed at giving business owners a second chance if their original business ceased operations, by helping with a fresh start.

Small Business Sustainability Subsidy (小規模事業者持続化補助金) : Overview



The Small Business Sustainability Subsidy is a program tailored for the smallest businesses to help them sustain and grow their operations. It focuses on companies with very limited scale – typically firms with up to 5 full-time employees (for most service or commerce businesses) or up to 20 employees (for small manufacturers and some other sectors).

Small Business Sustainability: Eligible Activities



Marketing & Sales

Advertising, marketing campaigns, website development, e-commerce setup, trade show attendance



Product Improvements

Minor equipment purchases, productivity tools, consultant fees for business improvement

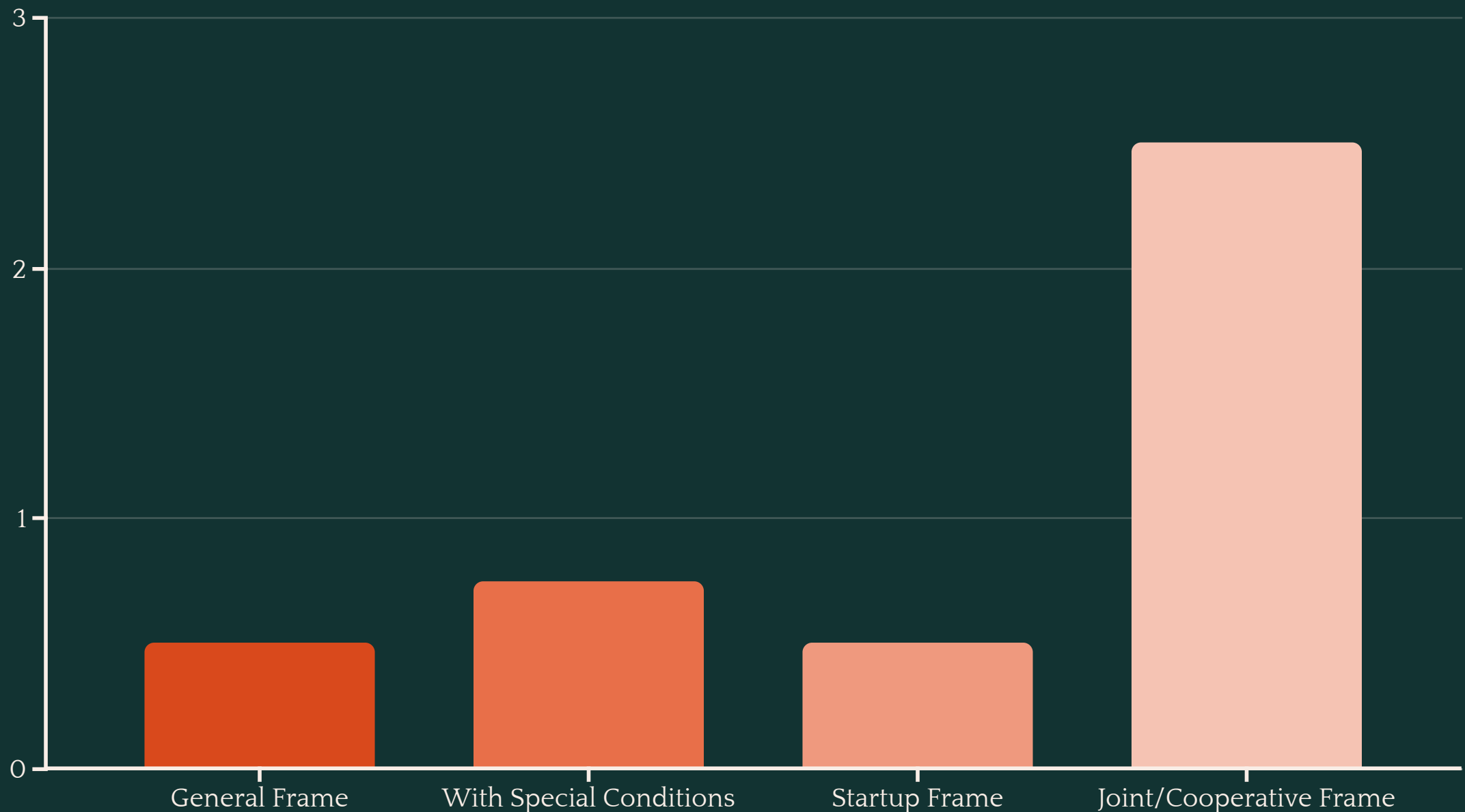


Operational Upgrades

Point-of-sale systems, packaging improvements, efficiency enhancements

To apply, a simple business plan is required, usually developed with the guidance of a local Chamber of Commerce or a commercial association. The business plan will outline the current business, the challenges or opportunities, and how the subsidized project will help increase sales or improve operations.

Small Business Sustainability: Funding Structure



The standard subsidy covers two-thirds (66%) of eligible project costs, with a base maximum grant of ¥500,000 per business for most single-applicant projects. Special conditions like wage increases or disaster recovery can raise the subsidy coverage to 3/4 (75%) of costs and may modestly increase the grant ceiling.

Small Business Sustainability: Special Frames



Invoice Compliance Special

Helps very small businesses adopt the new tax invoice system, similar to the IT subsidy's focus



Wage Increase Special

Additional support if the business commits to raising employee wages by a certain amount, typically +¥50 on base wages



Disaster Relief Special

For businesses affected by specific natural disasters, allowing additional funds for recovery



Startup Frame

For companies within their first 3 years of establishment that have received formal startup support

Small Business Sustainability: Collaborative Options

Joint/Cooperative Frame

This is an expanded option where multiple small businesses (10 or more) apply jointly as a consortium for a collaborative project. For instance, ten local producers might jointly create an online marketplace or coordinate a regional promotional event.

Each participating business can receive up to ¥2.5 million as a subsidy if approved. This is a significant increase from the solo ¥0.5M cap – it incentivizes collective initiatives that can have a bigger impact than isolated efforts.

Business Community Frame

Aimed at organizations like youth or women's groups within chambers of commerce that undertake projects on behalf of their members. This might cover things like hiring experts to conduct seminars or creating joint PR materials for all members.

The subsidy can pay for expert fees, materials, and outreach in those community-led projects. While JSM Tokyo itself might not use this frame, it could benefit indirectly if participating in a chamber initiative.

Comparison of All Five Subsidies

Subsidy Program	Purpose & Focus	Subsidy Coverage	Max. Amount
New Business Entry	Entry into new business field	50% (1/2)	¥25M-¥70M (up to ¥90M with bonus)
IT Implementation	IT system adoption	50-80%	¥1.5M-¥4.5M
Monozukuri	Innovation & overseas expansion	50-67%	¥7.5M-¥30M
Succession/M&A	Business transition support	50-67%	¥4M-¥8M
Small Business Sustainability	Micro-business support	67-75%	¥0.5M-¥2.5M

Eligibility & Conditions Comparison

New Business Entry

- SME with ambitious diversification plan
- $\geq 4\%$ added value growth & $\geq 2.5\%$ payroll growth
- Wages + ¥30 over minimum
- New product/service for new customers required

IT Implementation

- All SMEs eligible
- Must use approved IT tools
- Partner with certified IT solution provider
- Higher rates for e-invoice compliance and DX/security

Monozukuri

- Broad SME eligibility
- $\geq 3\%$ /yr value-added increase
- $\geq 2\%$ /yr wage increase
- Post-project performance monitoring

More Eligibility & Conditions

Succession & Handover

- Must involve change of ownership
- Plan for new initiatives by successor
- Successor should have requisite experience
- M&A advisory support requires using registered experts
- Wage and business growth commitments improve funding

Small Business Sustainability

- Must be a small enterprise under size threshold
- Requires a simple business plan
- Support from local commerce association
- Special categories for startups, joint applications
- Frequent application rounds; relatively accessible

Application Requirements: Common Elements

SME Eligibility Verification
Confirm JSM Tokyo meets size and industry definitions for each program

Administrative Setup
Secure gBizID and necessary digital credentials



Project Plan Development
Create detailed business plan aligned with program objectives

Performance Commitments
Set targets for value-added growth and wage increases

Project Plan Requirements

Project Description

Details of the new product development, IT system implementation, equipment purchase, or marketing campaign to execute. Clear articulation of what will be done with the funds.

Timeline & Implementation

Realistic schedule for procurement and deployment of resources. Many subsidies require the project to be completed within the fiscal year or within a set number of months after approval.

Budget Breakdown

Vendor quotes or estimates for all cost items (equipment, software, services, etc.) to attach to the application. This substantiates the requested subsidy amount.

Outcome Targets

Projected financial and operational performance over the next 3–5 years (expected increase in sales, profits, value-added, and wages). Clear metrics for measuring success.

Value-Added & Wage Commitments

Value-Added Growth

Calculate current "added value" (operating profit + total labor cost + depreciation) and set a target that meets or exceeds the thresholds:

- +3% annually for Monozukuri
- +4% for New Business Entry

Explain how the subsidized project will contribute to achieving this growth (e.g., new revenue from innovation, cost savings from IT that improve margins).

Wage Enhancement

Detail plans to increase employee salaries or hiring as a result of the project. Many programs now explicitly ask if you will raise worker pay by:

- +2% yearly (Monozukuri)
- +2.5% yearly (New Business Entry)
- +¥30-50 above minimum wage

Committing to these increases can unlock higher subsidy rates or amounts, but failure to meet targets may require partial subsidy return.

External Support & Endorsements



Chamber of Commerce

For the Small Business Sustainability Subsidy, a letter of guidance or confirmation from a local Chamber of Commerce is typically needed. These organizations review the business plan and provide support.



Certified IT Providers

The IT Implementation Subsidy requires collaboration with a certified IT provider, who will likely input parts of the application relating to the IT tool. Partnership with a registered vendor is mandatory.



Professional Consultants

While not mandatory for most programs, engaging a professional administrative scrivener or SME consultant who specializes in subsidy applications can help refine proposals and manage paperwork.

Application Windows & Deadlines

New Business Entry Subsidy
First call expected in Q1-Q2 2025; likely mid-2025 deadline. Possibly only one or two calls per year.



IT Implementation Subsidy

Multiple rounds each year. In 2025, one round opened from late March. Subsequent rounds might be in summer or fall.



Monozukuri Subsidy
19th round application deadline: April 25, 2025.
Possible 20th round later in the year if budget allows.



Succession & Handover

Annual calls, typically announced in spring. For 2025, look for announcement of that year's application period.



Small Business Sustainability
Frequent calls (2-3 times yearly). For 2025, deadlines typically around May, September, and January for different rounds.



Application Process Considerations



Strict Deadlines

Late submissions are not accepted – deadlines (usually 5:00 PM JST on the due date) are strictly enforced. Some programs require registration steps days or weeks before the final deadline.



No Double Dipping

The government prohibits receiving two subsidies for the exact same expense. Different programs must fund distinct projects or cost items. Declare other subsidy applications to avoid overlap.



Financial Capacity

All subsidies are reimbursement-based, meaning JSM Tokyo must initially front the costs and then claim the subsidy upon completion. Ensure adequate cash flow is available.



Compliance Requirements

Must be in good standing with taxes and legal compliance. Any outstanding tax arrears or legal violations can disqualify the application.

Post-Award Execution & Reporting

Project Execution

Implement the project exactly as approved in the application. Any changes in scope or budget often require prior permission from the granting authority.

Documentation

Maintain meticulous records of all receipts, contracts, and payment evidence throughout the project implementation period.

Completion Report

Submit a formal report (Jisseki hokokusho) detailing what was accomplished, including proof of expenditures and outcomes achieved.

Performance Monitoring

For programs with performance requirements, report actual added value figures and payroll totals for 3-5 years following project completion.

Performance Monitoring & Clawback Risk

Performance Tracking

In programs with performance requirements (New Business Entry, Monozukuri, Succession), there will be follow-up monitoring for several years after project completion.

Companies must report their actual added value figures and payroll totals for 3–5 years to demonstrate they are meeting the promised targets for productivity and wage growth.

Clawback Provisions

If a company falls short of promised targets without acceptable reasons, a portion of the subsidy may have to be refunded to the government.

This clawback clause means companies should set realistic yet ambitious targets they are confident of achieving. The risk of repayment creates accountability for performance claims made during the application process.

Strategic Benefits of Subsidy Programs



These subsidy programs offer JSM Tokyo significant strategic advantages beyond the immediate financial support. They can accelerate innovation timelines, reduce the risk of entering new markets, facilitate digital transformation, and ensure smooth business transitions. By aligning with these programs, the company also demonstrates commitment to Japan's broader economic goals.

Cost-Benefit Considerations

Benefits

- Significant cost reduction for strategic initiatives
- Improved ROI on innovation and expansion projects
- Freed capital for additional investments
- Structured planning process improves project execution
- Alignment with national economic priorities

Costs & Considerations

- Administrative overhead for application and compliance
- Performance commitments create accountability
- Need for upfront financing before reimbursement
- Resource allocation for reporting and monitoring
- Potential clawback risk if targets aren't met

Recommended Next Steps



Identify Projects for Each Subsidy

Map planned initiatives to the relevant subsidy programs. Focus on those that best match JSM Tokyo's business priorities for 2025–2026.



Gather Requirements and Team

Assign project leads, gather necessary documents, and engage with external parties as needed (IT vendors, Chamber of Commerce, subsidy specialists).



Draft Application Content Early

Prepare application narratives well ahead of deadlines, allowing time for review and any necessary translations.



Budget and Cash Flow Planning

Incorporate expected subsidy inflows in financial plans and ensure adequate upfront funding is available.

Implementation Timeline

1

April-May 2025

Research and identify priority subsidy programs. Register for gBizID if not already done. Begin gathering required documentation.

2

June-July 2025

Develop detailed project plans and budgets. Engage with necessary external partners (IT vendors, consultants). Draft initial applications.

3

August-September 2025

Submit applications according to program deadlines. Prepare for potential follow-up questions or clarifications from reviewing authorities.

4

October 2025-March 2026

Begin implementing approved projects. Establish tracking systems for performance metrics. Prepare for reporting requirements.

Strategic Alignment with Business Goals

Market Expansion

New Business Entry and Monozukuri
Global Frame subsidies can support
JSM Tokyo's ambitions to enter new
markets or business segments.

Business Continuity

Succession & Handover Subsidy
ensures smooth leadership
transitions or strategic acquisitions if
those are on the horizon.



Digital Transformation

IT Implementation Subsidy aligns
perfectly with modernization of
systems and processes to improve
efficiency and competitiveness.

Product Innovation

Monozukuri Subsidy can accelerate
development of new products and
services, enhancing JSM Tokyo's
offerings.

Conclusion: Leveraging Subsidies for Growth

Financial Opportunity

The Japanese government's subsidy programs represent a significant opportunity to secure co-investment for strategic initiatives, potentially saving millions of yen in development costs.

Strategic Acceleration

Beyond financial benefits, these programs can accelerate JSM Tokyo's innovation timeline, reduce risk in new ventures, and provide structure to business planning processes.

Policy Alignment

By participating in these programs, JSM Tokyo aligns with Japan's broader economic goals of digital transformation, high-value innovation, and inclusive growth through wage increases.

Competitive Advantage

Successfully leveraging these subsidies can provide JSM Tokyo with a competitive edge, allowing more aggressive investment in growth while maintaining financial stability.