

Considering the “100 Million Yen Wall”

By Nobuo Iizuka



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Effective Tax Rate Declines When Total Income Exceeds 100 Million Yen

Discussions have intensified around correcting the “100 million yen wall” in the income tax system. The morning edition of the *Nikkei* newspaper dated Nov. 5, 2025, reported that the Ministry of Finance is beginning to consider lowering the income benchmark that determines those liable for minimum taxation and imposes a tax burden of a certain standard on high income earners, and increasing the number of persons liable.

The “100 million yen wall” points to the effective tax rate (the percentage of tax in total income) declining when total income exceeds 100 million yen (Chart 1). Japan’s income tax covers various incomes such as employment income, business income and real estate income, and employs a progressive taxation system where the rate rises with more income. The highest rate under the current system is 45 % and this is applied to amounts exceeding 40 million yen in taxable income.

Thus, the effective tax rate should rise with greater total income, but as stated, a phenomenon is occurring where the effective tax rate is lower for affluent people. This is because there are portions of income that are not subject to aggregate income taxation and are separated from other income in calculating the tax amount (called separate

taxation). Representative of separate taxation is capital gains from sales of stocks, where the tax rate is approximately 20% (including local resident tax), much lower than the aforementioned maximum tax rate. *Chart 1* shows that those in the cluster with more total income have a higher percentage of capital gains among their total income.

This “100 million yen wall” data is from the “Survey on Self-Assessed Income Tax” by the National Tax Agency. For this month, using this data, I will investigate who is benefitting from the “100 million yen wall”.

Those Filing Income Tax Returns & Paying Self-Assessed Income Tax Surveyed

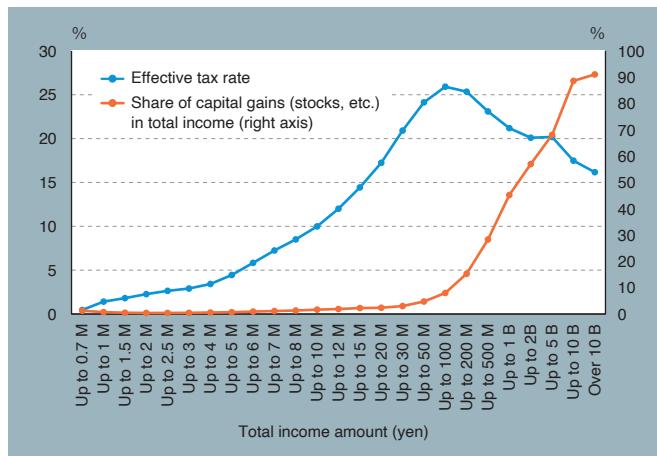
The “Survey on Self-Assessed Income Tax” began in 1951 and has been conducted every year. The most recent survey was released in February 2025 for income for 2023. Survey subjects are those with self-assessed income tax amounts after filing their tax returns. Those with incomes who do not file self-assessed income tax amounts – for example, people who have submitted income tax refund claims for medical expense deductions – are excluded. Likewise, many company employees who have completed tax settlements with their company’s end of year tax adjustments and do not file their own income tax returns are also excluded.

The survey is conducted by extracting samples by income category and by total income range from 524 tax offices across Japan. According to the survey results, the number of self-assessed taxpayers for 2023 was 6.68 million people (up 2.3% from the previous year), and the total income amount of self-assessed taxpayers was 49.8407 trillion yen (up 7.5%). The total amount of tax paid (including withholding tax) was 7.1932 trillion yen (up 8.4%) and has been growing together with income. The average income per self-assessed taxpayer was 7.46 million yen (up 5.1%).

To note, “income” as indicated in this survey is different from “earnings”. Employment income is the amount remaining after employment income has been deducted from employment earnings, and in the case of business income, it is the amount after deducting necessary expenses from gross earnings. Considering the average annual employment earnings in Japan are in the 4 million yen range, the subjects of the survey appear to be those with relatively high earnings.

CHART

The “100 Million Yen Wall” in effective tax rates



Source: National Tax Agency, “Survey on Self-Assessed Income Tax (Japan)”

Status of self-assessed income taxpayers by income category

<Total>

Income Category	Number of taxpayers (1,000 persons)	Total income amount (100 million yen)	Average income (10,000 yen)	Tax amount (100 million yen)	Effective tax rate (%)	Share of capital gains (stocks, etc.) in total income (%)
Business income earners	1,664	80,434	483	10,324	12.8	0.2
Real estate income earners	1,054	57,656	547	7,123	12.4	0.4
Employment income earners	2,771	208,342	752	32,212	15.5	1.3
Miscellaneous income earners	826	22,724	275	1,419	6.2	0.9
Others	370	129,251	3,496	20,853	16.1	38.4
Total	6,685	498,407	746	71,932	14.4	10.6

<Total Income Amount of 100 Million Yen or More>

Income Category	Number of taxpayers (1,000 persons)	Total income amount (100 million yen)	Average income (10,000 yen)	Tax amount (100 million yen)	Effective tax rate (%)	Share of capital gains (stocks, etc.) in total income (%)
Business income earners	10	9,345	9,676	3,471	37.1	0.8
Real estate income earners	3	2,898	8,326	1,050	36.2	2.6
Employment income earners	29	27,818	9,654	9,579	34.4	4.1
Miscellaneous income earners	1	1,628	15,347	439	27.0	3.0
Others	42	90,568	21,597	15,640	17.3	49.6
Total	85	132,257	15,569	30,179	22.8	34.9

Source: National Tax Agency, "Survey on Self-Assessed Income Tax (Japan)"

on stocks etc. in total income for "others" is 38.4% and large compared to other categories. Those with the most tax payments are also employment income earners (44.8% of total amount), but "others" (29%) also have large taxes. "Others" (16.1%) have the highest effective tax rate.

When narrowing down to those with total income of 100 million yen or more, the presence of "others" is even higher in the number of self-assessed income taxpayers and total income. The number of self-assessed income taxpayers with over 100 million yen income is 85,000 people, but approximately half are "others" (42,000). The total income amount of those with total income of 100 million yen or more is 13.2257 trillion yen and accounts for just under 30% for the entire amount, and approximately 70% of that is earned by "others". Half of the tax amount is "others". However, the effective tax rate is 17.3% and not much different from that of the total number. This stands in contrast to other income earners, whose effective tax rates are higher across the board than that of the total number.

"Others" Earn Income of 100 Million Yen or More

The survey classifies self-assessed taxpayers into 4 categories:

- ① Business income earners: those whose business income is larger than the total amount of other various incomes,
- ② Real estate income earners: those whose real estate income is larger than any one amount of interest income, dividend income, employment income, retirement income, forestry income, capital gains, occasional income or miscellaneous income,
- ③ Employment income earners: those whose employment income is larger than any one amount of interest income, dividend income, real estate income, retirement income, forestry income, capital gains, occasional income or miscellaneous income,
- ④ Miscellaneous income earners: those whose miscellaneous income is larger than any one amount of interest income, dividend income, real estate income, employment income, retirement income, forestry income, capital gains, or occasional income.

Those who do not fit into any of these categories are called "income earners not otherwise classified" (hereafter noted as "others").

As indicated in the total number in the *Table*, the largest group of self-assessed taxpayers are employment income earners (41.5% of self-assessed taxpayers), followed by business income earners (24.9%), real estate income earners (15.8%), miscellaneous income earners (12.4%), and "others" (5.5%). The top total income amount is also of employment income earners (41.8% of total income amount) but next comes "others" (25.9%). Thus, when calculating average per capita income, it is 34.96 million yen for "others", significantly higher than the other categories. In addition, the percentage of capital gains

What Sort of People Are "Others"?

As shown above, it is clear that those enjoying a low tax burden with the "100 million yen wall" are "others". So what sort of people are they? When looking at the total number, capital gains on stocks etc. accounted for 38.4% of total income, but what exceeds this is long-term separate capital gains (43.4%) and together these two make up more than 80%. For those with total income of 100 million yen or more, capital gains on stocks etc. (49.6%) and long-term separate capital gains (35.7%) account for a large portion. Long-term separate capital gains are applied to sales of property or buildings.

Are people making profits year after year on sales of stocks, property and buildings classified as "others"? Rather, perhaps these are people who happened to be making profits on sales for that particular survey year and classified as "others" but are people normally classified as one of the other four income earners such as business income earners. It is not clear from available data, but when considering increasing the tax burden of this category, there seems to be a need for the financial authorities to use such tax data and investigate what sort of people are these "others" with total incomes of more than 100 million yen.

NOTE: This article was based on available information as of Nov. 5, 2025.

Article translated from the original Japanese by Mio Uchida

JS

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Calendar year, Quarter and Month	Real GDP		Nominal GDP		IIP rate of increase over previous year/term (month) (%)	CPI (All terms, less fresh food) rate of increase over previous year/the same term (month) of the previous year (%)
	Amount (trillion yen)	Rate of increase over previous year/term (%)	Amount (trillion yen)	Rate of increase over previous year/term (%)		
2017	576.1	1.6	565.1	1.6	3.1	0.5
2018	580.9	0.8	569.2	0.7	0.6	0.9
2019	579.1	-0.3	571.8	0.5	-2.6	0.6
2020	554.3	-4.3	554.1	-3.1	-10.4	-0.2
2021	574.0	3.6	573.6	3.5	5.4	-0.2
2022	581.7	1.3	584.9	2.0	-0.1	2.3
2023	585.9	0.7	616.0	5.3	-1.3	3.1
2024	584.5	-0.2	634.2	3.0	-2.6	2.5
2024/4th Qtr.	588.2	0.3	646.4	1.1	0.4	2.6
2025/1st Qtr.	590.5	0.4	651.9	0.9	-0.3	3.1
2nd Qtr.	593.6	0.5	665.3	2.1	0.4	3.5
3rd Qtr.	590.1	-0.6	665.0	-0.1	0.1	2.9
2025/March	—	—	—	—	0.2	3.2
April	—	—	—	—	-1.1	3.5
May	—	—	—	—	-0.1	3.7
June	—	—	—	—	2.1	3.3
July	—	—	—	—	-1.2	3.1
Aug.	—	—	—	—	-1.5	2.7
Sept.	—	—	—	—	2.6	2.9
Oct.	—	—	—	—	1.5	3.0
Sources	"SNA (National Accounts of Japan)", Cabinet Office				"Indices of Industrial Production", Ministry of Economy, Trade and Industry	"Consumer Price Index", Statistics Bureau, Ministry of Internal Affairs and Communications

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Exports amount (trillion yen)	Exports rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount (trillion yen)	Imports rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to US (trillion yen)	Exports to US rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from US (trillion yen)	Imports from US rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to EU (trillion yen)	Exports to EU rate of increase over previous year/ the same term (month) of the previous year (%)
2017	78.3	11.8	75.4	14.1	15.1	6.9	8.1	10.5	7.1	9.5
2018	81.5	4.1	82.7	9.7	15.5	2.4	9.0	11.4	7.7	7.8
2019	76.9	-5.6	78.6	-5.0	15.3	-1.4	8.6	-4.2	7.4	-3.0
2020	68.4	-11.1	68.0	-13.5	12.6	-17.3	7.5	-13.7	6.3	-15.1
2021	83.1	21.5	84.9	24.8	14.8	17.6	8.9	19.6	7.7	21.4
2022	98.2	18.2	118.5	39.6	18.3	23.1	11.8	31.9	9.4	22.0
2023	100.9	2.7	110.4	-6.8	20.3	11.0	11.6	-1.7	10.4	10.9
2024	107.1	6.2	112.6	2.0	21.3	5.1	12.7	9.6	10.0	-3.9
2024/4th Qtr.	28.5	3.2	29.0	-0.4	5.5	-5.3	3.0	0.1	2.5	-7.6
2025/1st Qtr.	26.9	7.4	28.5	5.8	5.3	7.1	3.1	-0.9	2.4	-7.6
2nd Qtr.	26.5	-0.0	27.1	-3.3	5.0	-8.1	3.1	-9.2	2.4	0.7
3rd Qtr.	27.2	0.4	27.8	-3.4	4.7	-12.3	3.3	5.4	2.5	2.1
2025/March	9.9	4.0	9.3	1.8	1.9	3.1	1.0	-4.7	0.9	-1.1
April	9.2	2.0	9.3	-2.2	1.8	-1.8	1.0	-11.1	0.8	-5.2
May	8.1	-1.7	8.8	-7.7	1.5	-11.0	1.1	-13.5	0.8	4.9
June	9.2	-0.5	9.0	0.2	1.7	-11.4	1.0	-2.2	0.8	3.6
July	9.4	-2.6	9.5	-7.5	1.7	-10.1	1.1	-0.9	0.9	-3.4
Aug.	8.4	-0.1	8.7	-5.5	1.4	-13.7	1.1	11.6	0.8	5.6
Sept.	9.4	4.2	9.7	3.0	1.6	-13.3	1.1	6.8	0.9	5.0
Oct.	9.8	3.6	10.0	0.7	1.8	-3.1	1.2	21.0	0.9	9.2
Sources	"Trade Statistics of Japan", Ministry of Finance									

Calendar year, Quarter and Month	Cash salary amount rate of increase over previous year/the same term (month) of the previous year (%)	Active job openings-to-applicants ratio (time(s))	Unemployment rate (%)	M2 rate of increase over previous year/the same term (month) of the previous year (%)	Balance of payments		Yen/\$ rate (averaged during the term)
					Trade balance (trillion yen)	Current balance (trillion yen)	
2017	0.4	1.50	2.8	4.0	4.9	22.8	112.2
2018	1.4	1.61	2.4	2.9	1.1	19.5	110.4
2019	-0.4	1.60	2.4	2.4	0.2	19.3	109.0
2020	-1.2	1.18	2.8	6.5	2.8	16.0	106.8
2021	0.3	1.13	2.8	6.4	1.8	21.5	109.8
2022	2.0	1.28	2.6	3.3	-15.5	11.4	131.4
2023	1.2	1.31	2.6	2.5	-6.6	22.3	140.5
2024	2.8	1.25	2.5	1.7	-3.7	28.7	151.5
2024/4th Qtr.	3.7	1.25	2.5	1.2	0.0	6.9	152.4
2025/1st Qtr.	2.2	1.25	2.5	1.1	-1.7	7.3	152.5
2nd Qtr.	2.4	1.24	2.5	0.7	-0.1	6.7	144.5
3rd Qtr.	2.4	1.21	2.5	1.3	0.2	10.8	147.5
2025/March	2.3	1.26	2.5	0.8	0.5	3.7	149.1
April	2.0	1.26	2.5	0.5	-0.0	2.1	144.3
May	1.4	1.24	2.5	0.6	-0.5	3.3	144.8
June	3.1	1.22	2.5	0.8	0.5	1.3	144.5
July	3.4	1.22	2.3	1.0	-0.2	2.6	146.9
Aug.	1.3	1.20	2.6	1.3	0.1	3.7	147.6
Sept.	2.1	1.20	2.6	1.5	0.2	4.5	147.9
Oct.	2.6	1.18	2.6	1.6	0.1	2.8	151.3
Sources	"Monthly Labour Survey", Ministry of Health, Labour and Welfare	"Employment Referrals for General Workers", Ministry of Health, Labour and Welfare	"Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications	"Money Stock", Bank of Japan	"Balance of Payments", Ministry of Finance		Bank of Japan

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Imports amount from EU (trillion yen)	Imports from EU rate of increase over previous year/the same term (month) of the previous year (%)	Exports amount to Asia (excluding China) (trillion yen)	Exports to Asia (excluding China) rate of increase over previous year/the same term (month) of the previous year (%)	Imports amount from Asia (excluding China) (trillion yen)	Imports from Asia (excluding China) rate of increase over previous year/the same term (month) of the previous year (%)	Exports amount to China (trillion yen)	Exports to China rate of increase over previous year/the same term (month) of the previous year (%)	Imports amount from China (trillion yen)	Imports from China rate of increase over previous year/the same term (month) of the previous year (%)
2017	8.0	7.0	28.0	13.3	18.6	14.8	14.9	20.5	18.5	8.5
2018	8.8	10.6	28.8	2.9	20.0	7.8	15.9	6.8	19.2	4.0
2019	8.8	0.3	26.6	-7.6	19.0	-5.3	14.7	-7.6	18.5	-3.9
2020	7.8	-12.1	24.1	-9.4	17.2	-9.4	15.1	2.7	17.5	-5.1
2021	9.5	21.8	30.2	25.0	20.7	20.6	18.0	19.2	20.4	16.4
2022	11.4	21.1	36.4	20.6	28.6	37.8	19.0	5.7	24.8	21.9
2023	11.4	-0.2	34.7	-4.6	27.6	-3.4	17.8	-6.5	24.4	-1.7
2024	11.9	4.7	38.0	9.4	28.6	3.6	18.9	6.2	25.3	3.6
2024/4th Qtr.	3.1	2.7	10.2	11.1	7.3	1.7	5.1	0.7	7.0	5.2
2025/1st Qtr.	3.1	15.9	9.9	13.2	7.5	9.4	4.4	0.7	6.5	10.9
2nd Qtr.	3.2	7.0	9.8	6.6	6.8	-2.7	4.6	-4.7	6.4	3.2
3rd Qtr.	3.2	-1.6	10.3	4.9	7.2	-3.5	4.7	0.5	6.5	2.5
2025/March	1.0	0.8	3.6	11.1	2.5	7.5	1.7	-4.8	2.1	15.9
April	1.0	-0.7	3.4	9.3	2.3	-2.4	1.6	-0.6	2.3	6.6
May	1.1	7.3	3.0	5.5	2.1	-9.4	1.4	-8.8	2.1	-2.3
June	1.1	14.6	3.4	4.9	2.4	3.7	1.6	-4.7	2.1	5.3
July	1.1	5.7	3.5	1.4	2.4	-10.0	1.6	-3.5	2.2	-3.9
Aug.	0.9	-20.1	3.2	2.7	2.3	-2.9	1.5	-0.5	1.9	2.1
Sept.	1.1	11.1	3.6	10.7	2.6	2.8	1.6	5.8	2.4	9.8
Oct.	1.0	-9.0	3.5	5.3	2.6	0.1	1.7	2.1	2.5	0.8
Sources	"Trade Statistics of Japan", Ministry of Finance									