

Child Allowance

Ministry of Health, Labour and Welfare
2010

Child Allowance

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1. Establishment of “Child Allowance”

(1) Outline of “Child Allowance”

Outline of the Act Pertaining to Payment of Child Allowance of 2010

[Purpose]

Aiming to provide support for raising children who will play a key role in the future, paying Child Allowance for children before they complete junior high school education as a system was established in 2010.

[Summary]

(a) Payment of “Child Allowance”

- “Child Allowance” of 13,000 yen per month per child will be paid to parents before the child completes junior high school education. (There is no income test.)
- The payment are handled at the municipal level. (In the case of public officers, the affairs are handled by the employer.)
- The payment will be on June and October in 2010, February and June in 2011.

(b) The costs of “Child Allowance,” which corresponds to the child support allowance under the Child Support Allowance Act, are paid by the national government, local governments and employers under the Child Support Allowance Act. Any other costs are borne by the national government. (In the case of public servants, the cost is borne by the employer.)

(c) A system will be established in order to allow easy and quick donation of “Child Allowance” to the municipality.

(d) An interim measure will be established to eliminating need for re-submitting applications by those who are already receiving child support allowance.

(e) Examination

- The government will examine how to implement the system and will take necessary actions based on the results of the examination, including the support for children such as orphans who are admitted to children’s institutions, to whom “Child Allowance” is not paid.
- The government will examine how to enhance the general policies pertaining to child-raising support after 2011 and will take necessary action based on the results of the examination.

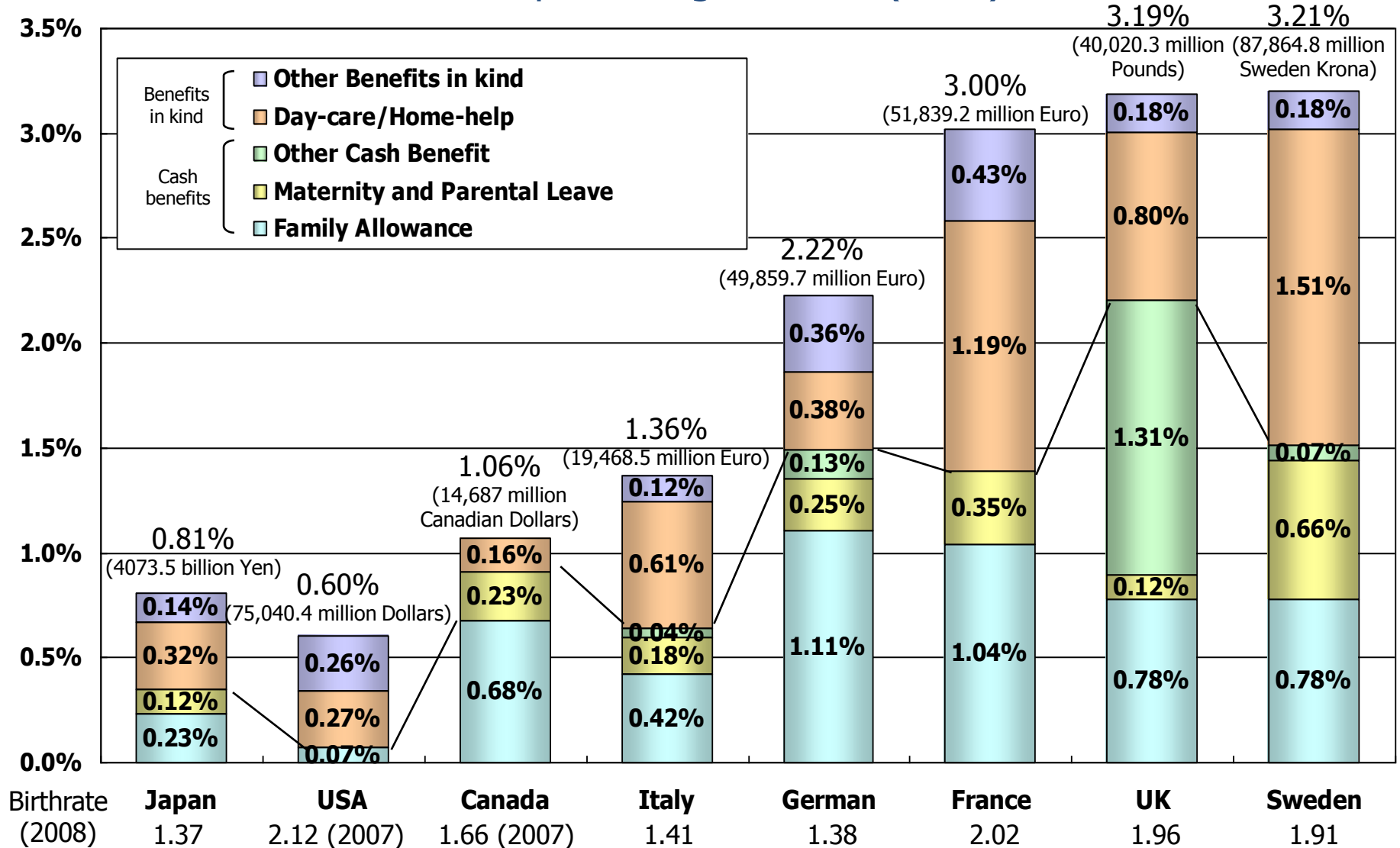
[Implementation date]

April 1, 2010

(2) Background for the establishment of “Child Allowance”

- The “Child Allowance” system has been implemented from the viewpoint that the whole society will provide support for raising children who will play a key role in the next generation.
- As a background to the establishment of “Child Allowance,” there was an emergent problem of low birthrate and the need to establishing environment where children can be raised without anxiety. There was a strong call for economic support, especially from the families raising children because a significant amount of money was necessary to raise and educate them.
- Looking at Japan’s child-raising budget, Japan is one of low spending countries in terms of budget to GDP ratio among the developed nations. The total fertility rate is also the lowest among the G7 nations. (See the next page.) In Japan, 3 persons of working generations are supporting 1 elderly person now, but owing to the low birthrate and the aging of the population, by 2055, it is projected that 1 person of working generations are supporting 1 elderly persons. This calls for drastic measures to be taken now.
- Considering the aforementioned situation, “Child Allowance” is based on the perspective that child-raising is an investment for the future and that the raising of sound and healthy children who will play a key role as the next generation, should not be considered only as a matter for individuals but should be supported by the whole society. “Child Allowance” is a big step to establish the society in which people can give birth to and rear children without anxiety.

Comparison of family-related social expenditure in each country as a percentage of GDP (2005)



2. Payment of “Child Allowance”

(1) Persons entitled to receive “Child Allowance”

- The person entitled to receive “Child Allowance” is one who has custody of a child and is in the same household with the child.
- “Child Allowance” is implemented under the philosophy that each individual child, who will play a key role in the future society, must be supported by the whole society. Thus, there is no income test so that “Child Allowance” will be paid to a household regardless of the household income. It is also common not to set income limitations in the systems of other foreign countries.
- In line with the establishment of “Child Allowance,” the tax deduction for families with children (applicable to children under the age of 16) will be abolished. Under deduction, if the same amount of income is deducted, the reduction of the tax burden for a high-income earning person, to whom a higher tax rate is applicable, will be larger and the reduction of tax burden for a low-income earning person, to whom a lower tax rate is applicable, will be smaller than that of the high-income person.

“Child Allowance” is implemented in line with the idea of “from tax deduction to allowance,” meaning that the income deduction system, which is relatively favorable to a high-income earning person, will change to an allowance system, which is relatively favorable to those who need support. Therefore, it cannot be said it is favorable to persons earning high incomes when looking total policies including tax reform.

(2) Procedure for receiving "Child Allowance"

- In order to receive "Child Allowance," an applicant is required to submit an application to the municipality of his/her residence. (In the case of public servants, an application has to be submitted to his/her employer.) However, if an applicant had received the child support allowance until March 2010, the applicant is not required to re-submit an application for "Child Allowance" and may receive "Child Allowance" without following the application procedure, except in cases where the applicant has a child who is newly eligible for "Child Allowance." (In principle, this refers to a child in the 2nd or 3rd grade of junior high school.)

(Application procedure)

- * Those who do not receive the child support allowance and have a child eligible for "Child Allowance."
 - The application by "Qualification Request Form for Child Allowance."
- * Those who had received the child support allowance and have a child eligible for "Child Allowance."
 - The application by "Qualification Request Form for Amendment of Child Allowance Amount."
- Based on an application and such, municipality will confirm whether the applicant is eligible to receive "Child Allowance" and will send the person a notice of eligibility. Receiving application does not mean that the payment is decided.

(3) Handling of orphans who are admitted to children's institutions

- "Child Allowance" of 2010 follows the same requirements for payment as the child support allowance system, and "Child Allowance" are paid to parents and others who have custody of a child and is in the same household with the child. Orphans, who are admitted to children's institutions, were not covered by the child support allowance system, and in the same manner "Child Allowance" is not paid to such orphans.
- However, since "Child Allowance" is implemented under the philosophy that the whole society provides support for raising children, the government consider that the benefits of "Child Allowance" must be extended to orphans and others who are admitted to children's institutions.
- Therefore, we have decided to provide, by using the "Anshin Child Funds", special support to these institutions so that support in the amount equivalent to "Child Allowance" can be extended to orphans and others who are admitted to children's institutions.

(4) Handling of children who reside overseas

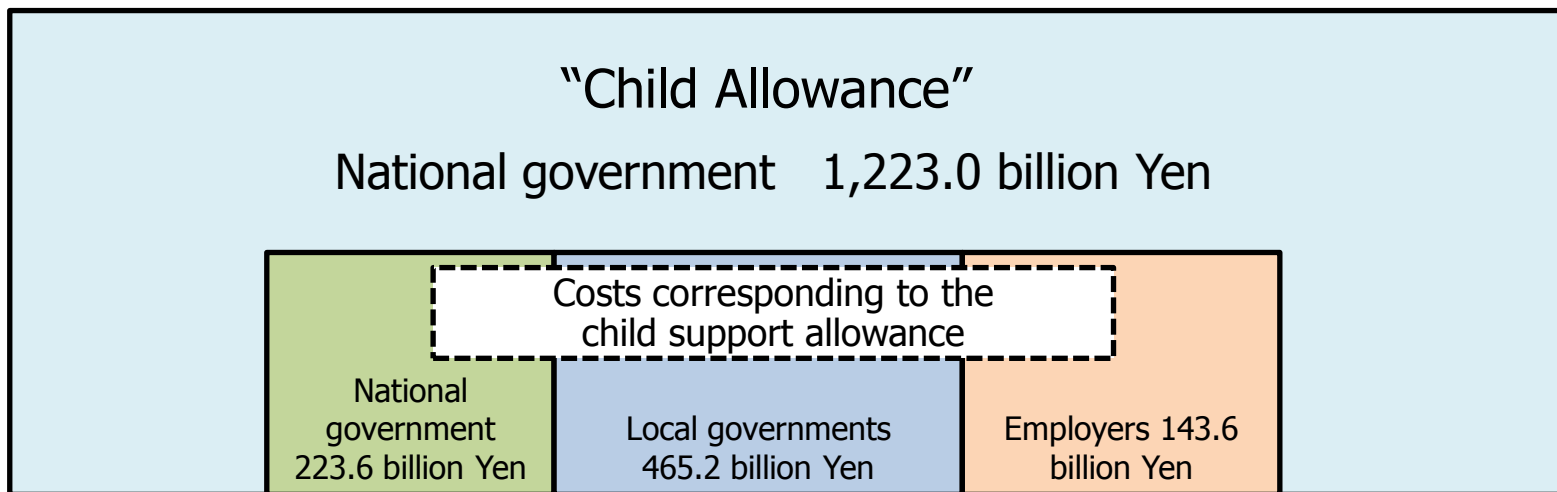
- In line with the joining in the “Convention Relating to the Status of Refugees” in 1981, the requirement of nationality under the child support allowance system was abolished in the same manner as the other related domestic laws, taking into account the purport of the “International Covenant on Economic, Social and Cultural Rights.” Since then, regardless of nationality, the child support allowance has been paid to a child, when parent or the like resides in Japan and a child resides overseas, on the conditions that the parent or the like has custody of the child, and that the parent or the like and the child share the same livelihood.
- The above-mentioned payment framework of the child support allowance, which has been implemented for more than 3 decades since 1981, is followed by “Child Allowance” of 2010. However, in cases when a child resides overseas, the qualifications for receipt of payment is confirmed in a stricter manner and the following requirements are imposed in cooperation with local governments in order to strengthen the operation.
 - (a) Parent meets his/her child at least 2 times a year.
 - (b) Parent continuously sends monies to his/her child as living and school expenses at least once per every four months.
 - (c) Through a residence certificate or the like, can be confirmed that parent and the child were living together before coming to Japan.
 - (d) In order to determine the compliance with these requirements for payment, certificates that are required to be submitted are standardized.
 - (e) Japanese translation by a translator who resides in Japan has to be attached and the signature, and seal, and the address of the translator are required.
- Concerning the issue of payment of “Child Allowance” to children residing overseas, introduction of the requirement that a child to whom “Child Allowance” are payable must reside in Japan will be considered during the examination of the system in 2011.

3. Cost of "Child Allowance"

Establishment of "Child Allowance" (2010 budget)

○ Establishment of "Child Allowance" (National Government Imposition): 1,472.2 trillion Yen

Cost of benefits: 1,455.6 billion Yen (10 months' amount)
Administrative cost: 16.6 billion Yen (16.4 billion Yen for municipalities)



- *1. Apart from the above, "Child Allowance" is paid by the employer in case of public officers. (National government public officers: 42.5 billion Yen / Local government public officers: 148.6 billion Yen)
- *2. In order to prevent the burden on the local governments from increasing costs from increase of the payments to local public officers, the "Special subsidy for the child support allowance and child allowance" has been separately implemented (233.7 billion Yen).
- *3. In order to promote smooth operation of "Child Allowance," the system cost (12.3 billion Yen) was allocated in the second supplemental budget of FY 2009.

4. Purpose of payment of “Child Allowance”

- Families raising children definitely need to bear the costs of raising children. “Child Allowance” is used to cover a part of such costs.
- “Child Allowance” is paid in order to support the raising of sound and healthy children who will play a key role in the future society. Therefore, “Child Allowance” is tax-exempt and attachment or garnishment is prohibited for “Child Allowance” so that “Child Allowance” can be surely used in accordance with the aforementioned purpose.
- Parents and others receiving “Child Allowance” must use the allowance in accordance with the aforementioned purpose of payment. This obligation is specified under the law.
- Effective use of the “Child Allowance” for raising each individual child in a sound and healthy manner is closely linked to the purpose of the system. The government will make efforts for the PR of “Child Allowance” and fully publicize the purpose of “Child Allowance” and the obligation of the person entitled to receive “Child Allowance.”