
FACT SHEET

Poverty alleviation strategies for low-income families and working poor in Taiwan and Japan

1. Introduction

1.1 The Subcommittee on Poverty conducted a duty visit to Taiwan and Japan in August 2013 with the objectives to: (a) study the experience of these two places in alleviating poverty; (b) obtain first-hand information on their policies and initiatives put in place to alleviate poverty; and (c) exchange views with the relevant parties involved in the formulation, implementation and monitoring of poverty alleviation strategies. This fact sheet provides a summary of the findings on poverty alleviation strategies for low-income families and working poor in Taiwan and Japan obtained from the duty visit. **Tables 1 and 2** below respectively set out socio-economic profiles and tax rate structure of Taiwan and Japan, while **Table 3** summarizes the findings from the duty visit. Relevant information on Hong Kong is also provided in **Tables 1–3** for comparison.

Table 1 — Socio-economic profiles of Taiwan, Japan and Hong Kong

| | Taiwan | Japan | Hong Kong |
|---|--|---|--|
| Total population | • 23.4 million (September 2013). | • 127.3 million (October 2013). | • 7.18 million (mid-2013). |
| Population aged 65 and above | • 2.7 million or 11.4% of the total population as at September 2013. | • 31.9 million or 25.1% of the total population as at October 2013. | • 1.0 million or 14.3% of the total population as at mid-2013. |
| Elderly dependency ratio ¹ | • 154 (September 2013). | • 404 (October 2013). | • 191 (mid-2013). |
| Employed population | • 11.0 million (September 2013). | • 63.6 million (September 2013). | • 3.75 million (Q3 2013). |
| Unemployment rate | • 4.2% (September 2013). | • 4.0% (September 2013). | • 3.3% (Q3 2013). |
| Gross domestic product ("GDP") per capita in 2012 | • NT\$603,593 (HK\$161,763). | • ¥3.7 million (HK\$362,613). | • HK\$285,403. |
| Real GDP growth in 2012 | • 1.3%. | • 2.0%. | • 1.5%. |

¹ Elderly dependency ratio refers to the number of persons aged 65 and above per 1 000 persons aged between 15 and 64.

Table 2 — Tax rate structure of Taiwan, Japan and Hong Kong

| | Taiwan | Japan | Hong Kong |
|-----------------------------|---|--|--|
| Individual income tax rates | <ul style="list-style-type: none"> The progressive income tax rates are: <ol style="list-style-type: none"> NT\$520,000 (HK\$140,000) or below: 5%; NT\$520,001–NT\$1,170,000 (HK\$140,000–HK\$315,000): 12%; NT\$1,170,001–NT\$2,350,000 (HK\$315,000–HK\$632,000): 20%; NT\$2,350,001–NT\$4,400,000 (HK\$632,000–HK\$1,184,000): 30%; and NT\$4,400,001 (HK\$1,184,000) or above: 40%. | <ul style="list-style-type: none"> The progressive income tax rates are: <ol style="list-style-type: none"> ¥1,950,000 (HK\$155,000) or below: 5%; ¥1,950,001–¥3,300,000 (HK\$155,000–HK\$262,000): 10%; ¥3,300,001–¥6,950,000 (HK\$262,000–HK\$551,000): 20%; ¥6,950,001–¥9,000,000 (HK\$551,000–HK\$714,000): 23%; ¥9,000,001–¥18,000,000 (HK\$714,000–HK\$1,427,000): 33%; and ¥18,000,001 (HK\$1,427,000) or above: 40%. A special income tax at a rate of 2.1% of the amount of national income tax is levied from 2013 to 2037 for reconstruction with respect to the Great East Japan Earthquake. The prefectural and municipal taxes on individual income comprise a flat-rate component (i.e. ¥4,000 (HK\$317)) and an income-related component (i.e. 10% of income). | <ul style="list-style-type: none"> The lower of (a) standard tax rate on net income (without deducting allowances) or (b) progressive tax rates on net chargeable income (less both deductions and allowances) where applicable. The standard rate is 15% while the progressive rates are: <ol style="list-style-type: none"> HK\$40,000 or below: 2%; HK\$40,001–HK\$80,000: 7%; HK\$80,001–HK\$120,000: 12%; and HK\$120,001 or above: 17%. |
| Corporate income tax rates | <ul style="list-style-type: none"> The corporate income tax rates are: <ol style="list-style-type: none"> NT\$120,000 (HK\$32,000) or below: nil; and over NT\$120,000 (HK\$32,000): 17%. | <ul style="list-style-type: none"> Corporate income taxes comprise corporate tax (a national tax), special local corporate tax (a national tax), enterprise tax (a local tax), and prefectural and municipal inhabitant taxes (local taxes). The effective tax rate for corporations located in Tokyo with share capital more than ¥100 million (HK\$7.9 million) is 38.01%. | <ul style="list-style-type: none"> The corporate income tax rates are: <ol style="list-style-type: none"> corporations: 16.5%; and unincorporated businesses: 15%. |

Table 3 — Poverty alleviation strategies for low-income families and working poor in Taiwan, Japan and Hong Kong

| | Taiwan | Japan | Hong Kong |
|---|--|--|--|
| (a) Measurement of poverty | | | |
| Official poverty threshold | <ul style="list-style-type: none"> Absolute poverty: average monthly income per person in a family falling below the lowest living cost (defined as 60% of the median of disposable income² per capita in a region in the previous year). In 2013, the lowest living cost ranges from NT\$8,798 (HK\$2,367) to NT\$14,794 (HK\$3,980) per person per month among the regions in Taiwan. | <ul style="list-style-type: none"> Relative poverty: 50% of the median household disposable income of the population. | <ul style="list-style-type: none"> Relative poverty: 50% of the median monthly household income. For example, the poverty thresholds for a two-person household and a four-person household in 2012 were HK\$7,700 and HK\$14,300 respectively. |
| Objective(s) of setting the poverty threshold | <ul style="list-style-type: none"> Determining eligibility for assistance under the Public Assistance System. | <ul style="list-style-type: none"> Gauging poverty status of the population. | <ul style="list-style-type: none"> Measuring and analysing the overall poverty situation; facilitating policy-making; and assessing the effectiveness of policy intervention. |
| Population below the poverty threshold | <ul style="list-style-type: none"> 1.5% of the total population as at June 2013³. | <ul style="list-style-type: none"> 16% of the total population. | <ul style="list-style-type: none"> Pre-intervention: 19.6% of the total population in 2012 (of which 53.5% were from working poor households). Post-intervention (including recurrent cash benefits provided by the Government): 15.2% of the total population in 2012 (of which 52.8% were from working poor households). |

² Disposable income is measured by adding all income from work, investment and property, and social security cash benefits, and deducting taxes and social security contributions.

³ These were individuals from low-income families whose average monthly income per person fell below the lowest living cost and their total family assets were below the levels specified by the local authorities.

Table 3 — Poverty alleviation strategies for low-income families and working poor in Taiwan, Japan and Hong Kong (cont'd)

| | Taiwan | Japan | Hong Kong |
|---|---|--|---|
| (b) Major poverty alleviation strategies | | | |
| Providing financial assistance and welfare services | <ul style="list-style-type: none"> Under the Public Assistance System, eligible low-income families are provided with financial assistance, including: <ul style="list-style-type: none"> (a) basic living support – between NT\$5,900 (HK\$1,587) and NT\$14,794 (HK\$3,980) per person per month⁴; (b) living subsidy for children aged under 15 – between NT\$1,900 (HK\$511) and NT\$7,300 (HK\$1,964) per person per month; | <ul style="list-style-type: none"> Under the Public Assistance System, financial assistance is provided to low-income households with sick persons or persons with disabilities, single-mother households and elderly households in need⁵. The standard amount of assistance provided for a three-person family and a single-mother family with one child in Tokyo in 2013 are about ¥236,610 (HK\$18,763) and ¥216,660 (HK\$17,181) respectively⁶. | <ul style="list-style-type: none"> Providing financial assistance to eligible low-income households under the Comprehensive Social Security Assistance ("CSSA") Scheme. The standard rates for eligible able-bodied adults aged below 60 range from HK\$1,485 to HK\$2,250. Supporting low-income families through assistance programmes under the Community Care Fund⁷. |

⁴ The amount of assistance is calculated based on the number of work-capable family members, and income level and amount of assets of the recipient family.

⁵ Under the Public Assistance System, eight categories of assistance are provided to the low-income families, namely livelihood assistance, education assistance, housing assistance, medical assistance, long-term care assistance, maternity assistance, occupational assistance and funeral assistance.

⁶ The amount of assistance provided is the difference between the income of the recipient families (including income from employment, assets, social security cash benefits, and support of other family members or relatives) and the minimum cost of living determined by taking into account (a) the major categories of expenses; (b) number and age of members in the families; and (c) differences in living costs among families living in different regions.

⁷ Examples of assistance programmes include: (a) subsidy to meet lunch expenses at schools for students from low-income families; (b) one-off subsidy for CSSA recipients living in rented private housing paying rents which exceed the maximum rent allowance under the CSSA Scheme; (c) one-off subsidy for low-income non-CSSA recipients who are inadequately housed; and (d) after-school care pilot scheme.

Table 3 — Poverty alleviation strategies for low-income families and working poor in Taiwan, Japan and Hong Kong (cont'd)

| | Taiwan | Japan | Hong Kong |
|--|---|--|---|
| (b) Major poverty alleviation strategies (cont'd) | | | |
| Providing financial assistance and welfare services (cont'd) | <p>(c) student living assistance for children attending high school or above – NT\$5,900 (HK\$1,587) per person per month; and</p> <p>(d) medical subsidies and other special assistance such as nursing, education and rent subsidies.</p> | <ul style="list-style-type: none"> • Providing low-interest or interest-free loans for supporting the living, training, home moving and renovation, long-term care, education and other emergency expenses of the low-income families under the Living Welfare Fund Loan System implemented at the prefectural level. | <ul style="list-style-type: none"> • Providing other assistance or welfare services to eligible low-income families such as medical fee waiver, public rental housing, child care service fee waiver, and financial assistance for primary and secondary students. |

Table 3 — Poverty alleviation strategies for low-income families and working poor in Taiwan, Japan and Hong Kong (cont'd)

| | Taiwan | Japan | Hong Kong |
|--|--|---|--|
| (b) Major poverty alleviation strategies (cont'd) | | | |
| Promoting employment and self-reliance of low-income families and working poor | <ul style="list-style-type: none"> • The Taipei City Government has implemented measures to boost the capabilities and enhance self-reliance of low-income families such as: <ol style="list-style-type: none"> (a) low-cost housing (平價住宅) – providing free or low-cost housing and intensive social support services; (b) work relief and employment support programme – engaging work-capable unemployed persons in short-term jobs and assisting them to take up long-term employment; (c) child development fund account programme (兒童希望發展帳戶) – helping children in low-income families accumulate fund for future education; and (d) "holding hands" programme (大手牽小手方案) – recruiting youngsters from low-income families to provide after-school care services for children from other low-income families. | <ul style="list-style-type: none"> • The Tokyo Metropolitan Government has supported low-income workers and the unemployed by providing services such as: <ol style="list-style-type: none"> (a) consultation to help resolve daily living issues; (b) outreach visits; (c) temporary accommodation and support on renting houses; (d) interest-free loans for housing and living expenses; (e) employment services; and (f) assistance to acquire nursing care qualifications for those interested in long-term care jobs. | <ul style="list-style-type: none"> • Assisting able-bodied CSSA recipients to enhance their employability and secure employment under the Support for Self-reliance Scheme. • Providing transport subsidy for low-income individuals to relieve their burden of transport costs and encourage them to secure a job and stay in employment under the Work Incentive Transport Subsidy Scheme. |

Table 3 — Poverty alleviation strategies for low-income families and working poor in Taiwan, Japan and Hong Kong (cont'd)

| | Taiwan | Japan | Hong Kong |
|---|---|-------|--|
| (b) Major poverty alleviation strategies (cont'd) | | | |
| Promoting employment and self-reliance of low-income families and working poor (cont'd) | <ul style="list-style-type: none"> • The Bureau of Employment and Vocational Training of the Council of Labour Affairs has introduced the following measures to promote employment opportunities among the unemployed and low-income individuals: <ol style="list-style-type: none"> (a) vocational training – subsidizing low-income individuals to participate in training subject to a maximum amount of NT\$70,000 (HK\$18,830) in three years; (b) job creation programmes (多元就業開發方案) – subsidizing social and economic development plans implemented by government departments, regional governments and not-for-profit organizations to create new jobs for the disadvantaged; (c) business start-up loan (微型創業鳳凰貸款) – offering free seminars and consultations, and low-interest loan for starting up small businesses, with the maximum loan amount capped at NT\$1 million (HK\$269,000); (d) skills certification (技術士技能檢定) – subsidizing job seekers to participate in skills tests and obtain certification for a maximum of three times; and (e) case management and personalized employment services (個案管理個別化專業服務) – assisting job seekers to improve their capabilities and attain employment. | | <ul style="list-style-type: none"> • Enhancing employability of the unemployed and low-income individuals by offering training and retraining courses through the Employees Retraining Board. • Providing employment services for the unemployed and low-income individuals through the Labour Department. |

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