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Feature · Japan's NISA

Japan's NISA
Up to JPY3.6m a year and JPY18m over a lifetime, free of the 20.315% tax

This note explains the current rules of NISA, Japan's tax-free account for individual investors: the two allowances, the lifetime limit, how used allowance is restored, eligibility, the changes from 2027 and the choice of provider. In a taxable account, gains and dividends on listed shares and investment trusts are taxed at 20.315%; within the NISA allowances they are tax-free with no time limit.

Tsumitate allowance	Growth allowance	Lifetime limit	Tax in a taxable account	Junior allowance
JPY1.2m	JPY2.4m	JPY18m	20.315%	JPY600k
Per year · FSA-approved funds	Per year · shares, ETFs, funds	At cost · growth up to JPY12m	Income tax 15.315% + resident tax 5%	Per year · from 2027 · cap JPY6m

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Key findings

The two allowances total JPY3.6m a year. The tsumitate allowance (JPY1.2m a year) is limited to investment trusts approved by the FSA for long-term, diversified saving; the growth allowance (JPY2.4m a year) covers listed shares, ETFs and investment trusts.

The lifetime limit is JPY18m, measured at cost. The growth allowance may use up to JPY12m of it; the cost of holdings sold is restored the following year; the tax exemption has no time limit.

The benefit grows with returns. A gain of JPY1m costs JPY203,150 in tax in a taxable account and nothing in NISA. Losses inside NISA cannot offset taxable gains or be carried forward.

From 2027, residents under 18 can use the tsumitate allowance (JPY600k a year, JPY6m in total), and funds investing mainly in bonds become eligible for it.

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What the exemption is worth

Take JPY1m invested in a fund that rises to JPY2m and is sold: the gain is JPY1m. A taxable account pays 20.315% on it; NISA pays nothing. Dividends work the same way: tax is withheld on each payment in a taxable account, while NISA receives the full amount for reinvestment.

Item	Taxable account	NISA
Gain	JPY1,000,000	JPY1,000,000
Tax (20.315%)	JPY203,150	JPY0
Gain after tax	JPY796,850	**JPY1,000,000**

Standard rate on gains and dividends from listed shares: income tax of 15.315% (including the reconstruction surtax) plus resident tax of 5%.

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The two allowances

The current NISA started in 2024. Both allowances can be used in the same year, and the scheme is permanent.

Item	Tsumitate allowance	Growth allowance
Annual allowance	JPY1.2m	JPY2.4m
Lifetime limit	JPY18m combined (at cost)	Up to JPY12m of it
Eligible products	Investment trusts approved by the FSA for long-term, diversified saving, mostly low-cost index funds	Listed shares (including U.S.
Excluded	—	Trusts with a term under 20
Tax-free period		Unlimited

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Restored allowance and losses

The lifetime limit is measured at cost, and the cost of holdings sold is restored on 1 January of the following year. Buying for JPY1m and selling at JPY1.5m restores JPY1m, not JPY1.5m. New investment remains capped at JPY3.6m a year.

Losses inside NISA cannot be netted against gains in a taxable account or carried forward, and allowance released by a sale cannot be reused in the same year. Both rules make NISA better suited to long holding periods than to frequent trading.

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Eligibility and practical points

Residents of Japan aged 18 or over on 1 January of the year can open an account, including foreign nationals; a My Number is required.

Each person may hold one NISA account at one provider and may switch provider once a year; if purchases have already been made that year, the switch takes effect the following year.

After moving abroad and becoming a non-resident, new purchases are in principle not allowed; account holders should confirm the procedure with the provider before leaving.

NISA removes tax, not risk: an index fund can fall by more than 30% within one or two years.

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Changes from 2027

Under the 2026 tax reform (enacted in March 2026), from January 2027:

Item	Under 18 (junior)	18 and over
Allowance	Tsumitate only	Tsumitate and growth
Annual allowance	JPY600k	JPY3.6m
Lifetime limit	JPY6m	JPY18m
Withdrawals	From age 12, with the child's consent	Any time

At 18 the account moves automatically to the adult tsumitate allowance. The tsumitate allowance is also extended to funds investing mainly in shares or bonds.

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Choosing a provider

Japan's main online brokers (SBI Securities, Rakuten Securities, Monex and others) all offer NISA accounts, mostly without trading commissions inside NISA, and with a wide range of investment trusts.

Readers who also want overseas markets outside NISA may compare Interactive Brokers. The company is listed in the U.S. and describes itself as the largest U.S. electronic broker by daily average revenue trades; as of 2026-09-30 it reported 5.58 million client accounts and USD964.7bn of client equity. Its Japanese subsidiary has offered NISA accounts since 2025-07. Its taxable accounts reach more than 160 exchanges worldwide with low currency conversion costs; the platform is designed for experienced users and takes time to learn.

> Disclosure: AlphaScope has no promotional arrangement with Interactive Brokers and receives no referral fees or other compensation. Fees, products and services change; compare providers before opening an account.

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Risks and limitations

Market risk The exemption does not change investment risk; shares and funds can fall for long periods.	**No relief for losses** Losses inside NISA cannot be netted against taxable gains or carried forward.	**Currency** Returns on foreign assets measured in yen depend on exchange rates.

Change of residence Non-residents in principle cannot make new purchases; procedures depend on the provider.	**Rule changes** Allowances, eligible products and procedures change with tax reforms; the FSA and the provider are authoritative.	

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Method and sources

Rules: FSA NISA website; FSA, 2026 tax reform summary (December 2025), enacted 31 March 2026.

Tax rate: National Tax Agency, standard rate on gains and dividends from listed shares.

Interactive Brokers: press release of 30 July 2025 (NISA at the Japanese subsidiary); third-quarter 2026 results (as of 2026-09-30). "Largest U.S. electronic broker" is the company's own description.

Amounts in the examples are illustrative and imply no expected return. Information as of 2026-10-22.

This note describes public rules for a general audience. It does not address any individual's circumstances and does not constitute investment advice. The FSA and the account provider are authoritative on the rules.

Data as of 2026-10-22 · 金融庁 NISA 特设网站；金融庁《令和8（2026）年度税制改正について》；国税庁；Interactive Brokers 新闻稿与 2026 年第三季度业绩公告

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