

FY 2026

Summary of the Tokyo Metropolitan Government Budget Proposal

This is a partial English version of Summary of the Tokyo Metropolitan Government Budget Proposal for Fiscal Year 2026.

This material is furnished solely for the purpose of the reader's reference only.

If there is any conflict and/or discrepancy between this material and the Japanese original of the Summary, the information in the Japanese original shall take precedence.

February 2026
Tokyo Metropolitan Government

*This document reflects details after adjustment of figures, etc. in material published on January 30, 2026.

*The FY 2026 budget amounts shown in this document are the figures in the initial budget proposal.

*In principle, figures in each table are rounded to the nearest unit.

*In principle, percentages of change and ratios are calculated from the figures in each table.

*Some project names include provisional names.

*⑦ refers to FY 2025 (FY Reiwa 7) and ⑧ refers to FY 2026 (FY Reiwa 8).

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Budget Points

FY 2026 Budget Points

Budget Compilation Policy

The positioning of the FY 2026 budget is as follows:

The budget to ensure the swift and steady execution of the Tokyo 2050 Strategy by fully leveraging the strengths of the metropolis of Tokyo to realize a brighter future

The budget is compiled on the basis of the following points:

1 To ensure that Tokyo continues to drive global growth well into the future, the Tokyo Metropolitan Government (TMG) will proactively deploy measures for further developing Tokyo into a safe, secure, and vibrant city where people shine, with a sense of speed and a fresh perspective that captures the changing times.

2 TMG will improve administration services in a way that residents can truly feel the benefits through the thorough utilization of AI, and maintain a resilient and sustainable fiscal foundation by conducting a rigorous review of projects from a more outcome-oriented perspective for the purpose of ensuring a precise response to social changes and enhancing the efficiency and effectiveness of policies.



Meri



Hari

◆ Summary of FY 2026 Budget Framework, etc.

General Account Total Expenditures **9 trillion 653.0 billion yen**
(Previous FY initial budget comparison +495.0 billion yen, +5.4%)

- By adopting a budget distribution that proactively prioritizes initiatives for further developing Tokyo into a safe, secure, and vibrant city where people shine, the general account budget scale has increased by 495.0 billion yen compared to the previous fiscal year.

General Expenditures (Policy Expenditures) **7 trillion 267.8 billion yen**
(Previous FY initial budget comparison +370.1 billion yen, +5.4%)

- By adopting measures for maximizing people's potential, which is the driver of growth, initiatives to strengthen global competitiveness, and further efforts to promote the development of a resilient capital city that protects lives and living of the residents, general expenditures have increased by 370.1 billion yen compared to the previous fiscal year.

Tax Revenues **7 trillion 385.6 billion yen**
(Previous FY initial budget comparison +456.0 billion yen, +6.6%)

- Metropolitan tax revenues have increased by 456.0 billion yen mainly because of increased revenues from the corporate inhabitant tax and enterprise tax (two corporate taxes) following a solid trend in corporate earnings and increased revenues from the metropolitan inhabitant tax on individuals arising from improvement of the employment and income environments.

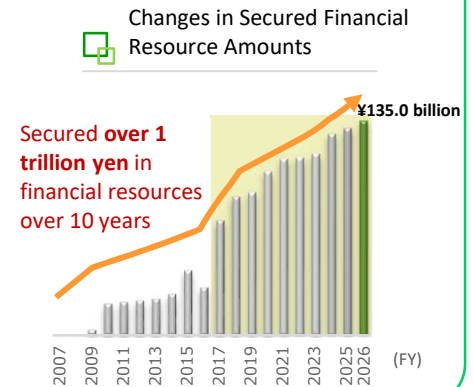
◆ Promotion of Project Reviews, Policy Reviews and Reviews of Projects Undertaken in Collaboration with TMG Group Organizations

Project Reviews Number Announced / Secured Financial Resources Amount

1,604 / 135.0 billion yen

*Secured financial resources amount represents only those of the general account budget.

- We further strengthened initiatives by **mandating the setting of KPIs (Key Performance Indicators)** for projects under the Tokyo 2050 Strategy in project evaluations, and by **expanding the involvement of outside experts and the application of new public accounting methods**.
- We have announced **1,604 review results** of the project reviews, **10 policy groups** for policy reviews, and **all 33 groups'** review results of the reviews of projects undertaken in collaboration with TMG group organizations, and secured **the highest ever financial resources of 135.0 billion yen** through project review initiatives.



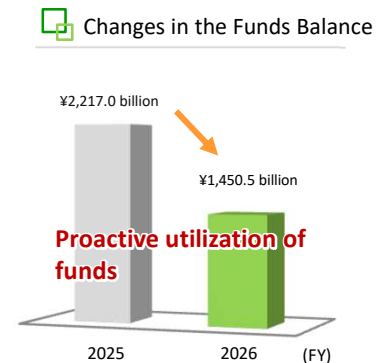
◆ Funds Balance

1 trillion 450.5 billion yen

(Previous FY post-final adjustment budget comparison -766.5 billion yen, -34.6%)

*Based on the ordinary account

- In the FY 2026 budget, in order to steadily promote measures to reinforce the city's resilience, improve social capital, and realize an advanced welfare city, **funds are proactively utilized as financial resources**.
- The projected funds balance at the end of FY 2026 is 1.4505 trillion yen, which is approximately the same level as before the global financial crisis (Lehman Crisis)*.



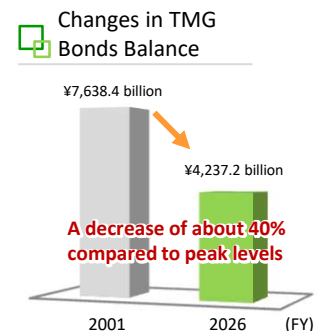
*Excluding the Tokyo Olympic and Paralympic Games Hosting Fund

◆ TMG Bonds Balance

4 trillion 237.2 billion yen

(Previous FY initial budget comparison -11.9 billion yen, -0.3%)

- Until now, along with efforts to restrain TMG bonds issuance through financial reconstruction initiatives, subsequent TMG bonds have been issued according to the status of metropolitan tax revenues, etc.
- In the FY 2026 budget, **the TMG bonds are utilized strategically**, taking into account the burdens on future generations. The TMG bonds balance is expected to **decrease at the end of FY 2026**.



Perspectives for the Deployment of Measures in the FY 2026 Budget

- The environment surrounding Japan and the TMG is undergoing rapid transformation, driven by such factors as technological innovation that includes AI, labor shortages due to a declining population, changing global market conditions, and the worsening climate crisis.
- As global competition between cities intensifies, we must continue to invest aggressively in the future without hesitation in order to further enhance Tokyo's growth potential.
- Amid uncertain socioeconomic circumstances, realizing the goal of becoming the **world's best city Tokyo** requires that the TMG not only address urgent issues but also powerfully deploy initiatives set out in the **Tokyo 2050 Strategy**, such as supporting children and their families, strengthening international competitiveness, and enhancing urban resilience.
- In the FY 2026 budget, **by fully leveraging the advantages of the metropolis Tokyo, the TMG will proactively deploy measures for evolving Tokyo into a vibrant, safe, and secure place where people can shine, with a sense of speed and a fresh perspective that captures the changing times.**

Diverse
City

To Be a Tokyo that Supports Each Resident's Aspirations so that They Can Shine as They Are

Tokyo, where Children and Youth are Full of Smiles and Pave the Way to their own Futures



As the annual number of births in Tokyo is **now certain to increase for the first time in nine years** (preliminary figures), the TMG will accelerate seamless support tailored to each life stage, while respecting diverse values, for realizing a Tokyo that supports the aspirations of those who wish to **meet a partner, marry, conceive, give birth, and raise children.**

To realize a **Children First society**, we will implement initiatives to maximize the **potential of people—the driving force of growth—by fully supporting the dreams of children and youth who represent the next generation of Tokyo**, as well as by providing seamless support for children facing various challenges.

Tokyo, where Everyone can Always Choose their Own Path



By creating environments where both women and men can reach their full potential and by building a society where seniors can lead vibrant, fulfilling lives, we will create a **city where everyone can thrive as their true selves.**

Regardless of gender, age, or disability, we will **foster an environment where everyone can live with peace of mind and thrive together** in order to realize a **Tokyo where each and every individual can shine even brighter.**

To Be a Tokyo that Captivates the World with Diverse Attractions, where Growth and Maturity Coexist



Tokyo Drives the World through New Innovation

Amid continuous technological advancements and rapid shifts in the global industrial structure as well as the economic landscape of Tokyo and Japan, we will **realize a city that wins international competitions and continues to promote sustainable growth by fostering breakthrough innovations from here in Tokyo.**

By building a top-class business environment of choice worldwide, we will **elevate Tokyo's presence as a leading international financial city.** We also **provide robust support for small and medium-sized enterprises to enhance their competitiveness and productivity, ensuring a solid foundation for business activity in Tokyo.**



Tokyo where a Wide Variety of Attractions Make It a World City of Choice

To promote tourism that attracts people from around the world, we will further **refine Tokyo's diverse attractions** while ensuring harmony with local life and the environment. Furthermore, with an eye toward **the World Heritage registration of Edo Culture,** we will **showcase our city's cultural heritage to the world** and enhance Tokyo's global presence.

To create a foundation for sustainable urban activities, we will not only **build infrastructure that powers the competitiveness of Tokyo and Japan** but also promote urban development that **offers vibrant, refreshing spaces and secure safe, comfortable housing for everyone to live with peace of mind.**



To Be a Resilient Tokyo that Can Overcome Crises with Strength and Flexibility



Tokyo, an Environmentally Advanced Sustainable City

As a major energy consumer, we will **accelerate our efforts toward achieving Zero Emission Tokyo by 2050** by boldly pushing ahead with investments in the future, including **the enhancement of power resilience** and the social implementation of green hydrogen.

To protect the lives, health, and livelihoods of our residents, we will **promptly implement heat countermeasures ahead of this summer,** and at the same time, **steadily promote a wide range of environmental initiatives,** including the transition to a circular economy.



Tokyo, a Resilient and the World's Safest and Most Secure City

To protect the lives and livelihoods of our residents from all types of disasters and crises, including wind and flood damage, earthquakes, and volcanic eruptions, we will **further enhance urban resilience and achieve the Defense of the Capital.**

We will **protect the safety and security of residents from such threats as crime.** In addition, to **realize a Tokyo where everyone can receive necessary medical care with peace of mind within their own familiar communities,** we will further strengthen medical and emergency systems.



FY 2026 Budget by Program Area

I. A City Brimming with the Smiles of Children and Youth That Supports Everyone in Achieving Their Life Goals

We will proactively implement a range of measures, **including seamless support** for those wishing to meet a partner, marry, conceive, give birth and raise children, **ensuring that their aspirations are met**, and will advance **initiatives to nurture the abilities of children and youth to pave the way for their own futures**.



Main Initiatives

	Fertility Treatment Subsidies	⑧	¥5.6 billion (⑦¥1.2 billion)
New	Public-Private Collaboration Campaign + (Plus) *As part of the 2026 Marriage Support Campaign	⑧	¥0.2 billion
New	Support for Overseas Study Opportunities for Metropolitan High School Students (Three-week Overseas Study)	⑧	¥0.4 billion
New	Tokyo Metropolitan School Special Club Activity Enhancement Project	⑧	¥0.7 billion
New	Support Project for the Renewal of Air Conditioning in Public School Regular Classrooms	⑧	¥5.5 billion
New	Special Temporary Subsidy for Reducing the Burden of Tuition Fees on Parents of Private Junior High School Students	⑧	¥1.4 billion

II. A society where everyone can shine and demonstrate their full potential

We will realize **a city where everyone can shine and reach their full potential**, regardless of age, gender, or disability. This includes **further promoting women's empowerment and creating environments that support a work-life balance for those with caregiving or childrearing responsibilities**.



Main Initiatives

New	Improvement of Workplace Environments to Promote Women's Empowerment	⑧	¥2.7 billion
New	Support for Working Citizens to Take Ikugyo, the Job of Parenting	⑧	¥2.8 billion
New	Comprehensive Consultation and Support Project for the Elderly Living Alone	⑧	¥0.2 billion
New	Information Portal Development Project for Easing the Caregiving Burden on Middle-Aged Residents	⑧	¥0.3 billion
New	Support Program for Welfare Service Providers to Create Supportive Work Environments for Parenting (Ikugyo) and Caregiving Leave	⑧	¥0.2 billion
New	Support for the Creation of Community Spaces for People with Disabilities through Municipalities	⑧	¥1.0 billion

III. A Financial and Economic Center Vigorously Driving Japan Forward and Leading the World

We will deploy measures to generate innovation, including those for vigorously **promoting the global expansion and scale-up of startups, driving business transformation for small and medium-sized enterprises**, and providing support to **create new industries that will lead the next generation**.

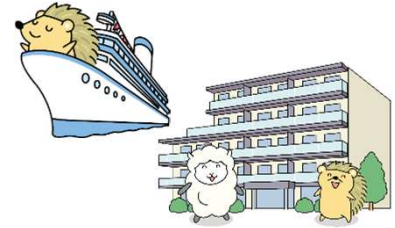


Main Initiatives

New	SusHi Tech Global Funds	⑧	¥20.2 billion
New	Promotion of Business Reforms(TOKYO REBOOT INDUSTRY)	⑧	¥1.5 billion
New	Support for the Establishment of Production and R&D Centers in Tokyo to Develop New Industries	⑧	¥0.1 billion
New	Support for Businesses to Enhance Operations through Business Improvements and New Ventures	⑧	¥10.3 billion
New	Project for Solving Challenges in Agriculture, Forestry, and Fisheries by Leveraging Startups, etc.	⑧	¥0.4 billion

IV. A World-appealing, Comfortable and Enriching City That Balances Maturity and Ongoing Growth

We will enhance Tokyo's global presence by **showcasing attractions that captivate visitors from around the world**, such as our nightlife destinations and traditional Edo culture, and by **strengthening our capacity to host cruise ships**. In addition, we will steadily **improve residential environments where everyone can live with vitality**, while ensuring **the maintenance and security of local public transportation**.



Main Initiatives

New	"Night Zoo" at Ueno Zoological Gardens	⑧	¥0.03 billion
New	Awareness-Raising Project on "Take Your Trash Home" for Visitors to Tokyo	⑧	¥0.3 billion
New	Promotion of Edo Culture	⑧	¥0.3 billion
New	Housing Supply Promotion for Active Older Adults	⑧	¥0.2 billion
	Project for Consecutive Railway Grade Separation	⑧	¥55.4 billion (⑦¥52.0 billion)
New	Bus Driver Retention Support Project	⑧	¥1.0 billion
New	Reinforcement of Tokyo International Cruise Wharf's Vessel Reception Functions	⑧	¥0.3 billion

V. A World Model for Environmental Sustainability

We will further accelerate efforts to **balance the achievement of decarbonization with the securing of a stable energy supply**. In addition, we will take prompt and precise action on critical issues, including **heat countermeasures ahead of this summer and fire prevention measures for lithium-ion batteries**.

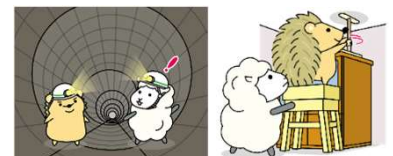


Main Initiatives

New	Temporary Special Measure to Waive Basic Water Charges	⑧	¥39.9 billion
	Promotion of Household Zero-emission Actions	⑧	¥16.2 billion
New	Project to Promote Large-Scale Bulk Adoption of Commercial ZEVs	⑧	¥1.8 billion
New	Emergency Measures for Lithium-ion Battery Fires at Waste Disposal Facilities	⑧	¥1.3 billion
New	Project to Promote the Development of Environmentally Friendly Data Centers	⑧	¥9.6 billion
	Production and Utilization of Green Hydrogen at the Central Breakwater Landfill Site	⑧	¥1.1 billion (⑦¥0.1 billion)

VI. The World's Safest, Most Secure, and Resilient City

We will realize the world's safest, most secure, and most resilient city by **further accelerating the TOKYO Resilience Project**, while also **strengthening support for evacuees and enhancing initiatives to protect the lives and health of Tokyo residents**.

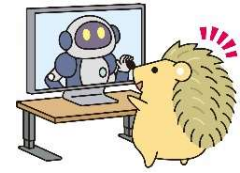


Main Initiatives

	Strengthening of Measures against Flooding through Sewer System Upgrades	⑧	¥46.5 billion (⑦¥37.8 billion)
	Subsidies for Seismic Diagnosis and Retrofitting of Condominiums	⑧	¥0.5 billion (⑦¥0.2 billion)
	Provision of Support to Municipalities Regarding Matters Such as Daily Life Assistance to Evacuees	⑧	¥3.9 billion (⑦¥1.0 billion)
New	Project for Furniture Fall Prevention for Businesses	⑧	¥0.06 billion
	Emergency and Temporary Support Project for Securing Regional Healthcare Services	⑧	¥14.5 billion
New	Support for Women's Cancer Screening	⑧	¥1.6 billion

VII. Promotion of “Smart Tokyo” and “SHIN-TOSEI” (Structural Reform of the TMG)

By **thoroughly utilizing AI in various fields of metropolitan administration**, we will advance structural reforms, **improve the quality of services for residents**, and **increase operational efficiency**. At the same time, we will steadily promote the development of an infrastructure that supports DX.



Main initiatives

New	AI Human Resource Development Project for Tokyo Metropolitan Government Employees	⑧	¥0.1 billion
	Tokyo Metropolitan Government Official App (Tokyo App)	⑧	¥2.6 billion
New	Smartphone Utilization Support Project for Closing the Digital Divide among the Elderly	⑧	¥1.1 billion
New	Management of a Contact Center for the Tokyo App	⑧	¥0.9 billion

VIII. Promotion of the Tama Area and the Tokyo Islands

To ensure **the sustainable development of the Tama area and the Tokyo Islands, which possess diverse characteristics and potentials**, we will create **vibrant and attractive local communities** through close cooperation with the regions.



Main Initiatives

	General Subsidy to Municipalities	⑧	¥71.8 billion (⑦¥70.5 billion)
New	Tama and the Tokyo Islands Migration and Settlement Supporter Human Resources Bank Project	⑧	¥9 million
New	System Upgrades for the Expansion of Silver Pass Eligibility to the Tama City Monorail	⑧	¥0.5 billion
New	Initiatives for Rediscovery of the Attractions of the Tokyo Islands and Their Branding	⑧	¥0.2 billion
	Enhancing Asiatic Black Bear Countermeasures (Wildlife Population Management)	⑧	¥0.2 billion (⑦¥0.06 billion)

3Cs to Build a Tokyo in which People can Shine

The TMG positions the **3Cs (Children, Chōju, Community)** as the core policy perspectives in the Tokyo 2050 Strategy. By deploying initiatives to create a **Tokyo in which every individual can shine**, we are promoting diversity further.

Children

Children-First

We will further promote Children First initiatives, including seamless support tailored to each life stage and enhanced measures to support the growth of children and youth.

Main projects

- ◆ Tokyo "Suku-Waku" Program Promotion Project
- New** Support for overseas study opportunities for metropolitan high school students (three-week overseas study)
- ◆ Reduction in the Burden of School Meal Cost

Chōju

Chōju (longevity) Society Showcased to the World

We will realize an active "Chōju" (longevity) society where the elderly can live enriching lives and continue to shine at every stage of their health.

Main projects

- ◆ Issuance/Digitization of Silver Pass
- New** Project to Promote Medical Care Provision in Special Nursing Home for the Elderly
- New** Housing Supply Promotion for Active Older Adults

Community

Maintaining Connections and Supporting Each Other

In an era where individuals hold diverse values, we will expand the circle of mutual support and realize a Tokyo where everyone can feel a genuine sense of connection with others.

Main projects

- New** Development of Community Spaces for Junior and Senior High School Students
- ◆ Support Activities of Welfare Volunteers and Child Welfare Volunteers
- ◆ Joint Disaster Drill for Community Associations and Apartment Residents

Initiatives Based on the Impact of Higher Prices

- In the final adjustment budget for FY 2025, we will implement measures to counter rising prices based on the current economic situation, including initiatives coordinated with the national adjustment budget and support for childrearing households.
- In the FY 2026 budget, we will continue to provide multilayered support to protect Tokyo residents and businesses from the impact of rising prices, including support for the daily lives of residents and initiatives to promote wage hikes and price pass-throughs.

FY 2025 Final Adjustment Budget 92.7 billion yen

● Initiatives Coordinated with the National Adjustment Budget

In coordination with the Medical and Long-term Care Support Package and other initiatives established in the national adjustment budget, we will provide support for increase in wages and improvement in workplace environments for facilities in the fields of healthcare, nursing care, disability services, and child welfare.

[Healthcare]	Project to support wage hike and counter rising prices for medical institutions and pharmacies
[Nursing care]	Service continuity support project for nursing care facilities, etc.
[Disability service]	Emergency support project for improving the working conditions of welfare and nursing care staff et al.
[Child welfare]	Improvement of working conditions for childcare staff and the establishment of temporary additional subsidies to support for the continuity of childcare center operations, and others

● Support for Childrearing Households

New Childrearing Support+ (Plus)

To support childrearing households while real wages continue to decline, a one-time payment of 11,000 yen per child will be provided to children aged 0 to 14 who are not eligible for the Tokyo App Life Support Project.

FY 2026 Initial Budget 199.1 billion yen (FY 2025 Initial Budget 167.1 billion yen)

Support for the Lives of Tokyo Residents

- ◆ Food Pantry Emergency Support Project
- ◆ Support Project for Unstable Employed Persons with No Residence, Unemployed Persons and Others
- ◆ Subsidy for Daily Commodity Transportation Cost

New Temporary Special Measure to Waive Basic Water Charges

We will implement a temporary special measure to waive the basic water charges for four months this summer to reduce the burden of utility costs and ensure that Tokyo residents do not hesitate to use air conditioning,
and others

Wage Hike and Price Pass-Through Measures, etc.

New Small and Medium-sized Enterprises Profitability Enhancement Support Project

- New** Support for Businesses to Enhance Operations through Business Improvements and New Ventures
 - ◆ Housing Support Special Allowance Project for Care Workers, Care Managers and Workers of Welfare Services for Disabled Persons and Others
 - ◆ Project for Capital Investment Support for Breakthrough Business Promotion,
and others

◆ Increase in estimated unit prices in public procurement

In addition to the initiatives above, we will ensure the increased budget allocation (+50.4 billion yen) to address the rising construction and labor unit prices for facility development, etc., aiming to facilitate price pass-through.

Thorough Utilization of AI by the Tokyo Metropolitan Government

- To address diversifying and complex resident needs as well as labor shortages caused by a declining population, the TMG is proactively utilizing AI in both public services and staff's internal operations, based on the **Tokyo AI Strategy**.
- In the fiscal year 2026 budget, we will promote **the thorough utilization of AI across all fields of Tokyo's administration**. To achieve further operational efficiency and enhance public services in a way that residents can truly *feel* the benefits, we have **allocated 38.9 billion yen across a total of 242 AI-related projects**.

Example of AI utilization

Improving Public Service

Children/Childcare Mentor Service "Gyutto Chat"

We have introduced features where children and parents can casually consult an AI chat about their worries and concerns. In addition, the AI introduces mentors tailored to each consultation theme.



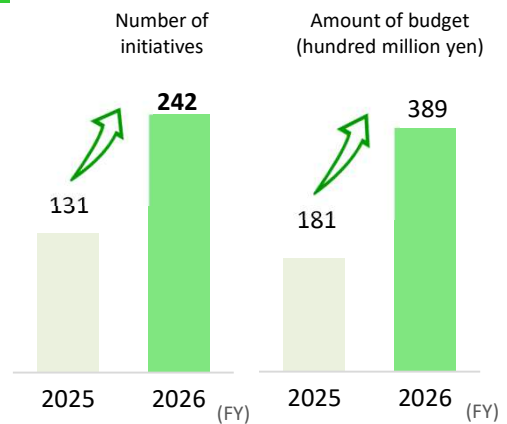
Improving Efficiency

Subsidy review app (Tentative name) [Digital]

To improve operational efficiency, we are developing an application to support the review of subsidy applications, using a generative AI platform.



AI-Related Initiatives for FY 2026



Major AI Utilization Projects in the FY 2026 Budget

Sector	Major project
Children/Education	◆ Development of an AI-powered Talent Bank System (Utilizing AI to effectively match schools with external talent.)
Welfare/Healthcare	New Information Portal Development Project for Easing the Caregiving Burden on Middle-aged Residents
Industry/Employment	New AI-Based Congestion Prevention Project
Industry/Employment	New Development of an AI Monitoring System for Slaughterhouse Machinery (Using AI image recognition software to detect malfunctions and abnormalities in specialized slaughtering equipment.)
Infrastructure/Development of city	New Prediction of Container Terminal Turnaround Time
Infrastructure/Development of city	◆ Research on Flood Mitigation for Underground Shopping Mall Using Advanced Technologies
Infrastructure/Development of city	◆ Support for Issuing Flood Danger Warning Using AI (Utilizing AI to detect when rivers reach critical flood danger levels, providing support for the issuance of warnings.)
Safety/Security	New Development of a Support System for Community Safety Consultation Service (Tentative name)
Safety/Security	New Priority Call Handling for 119 Emergency Services Using AI Technologies
Other	New Support for Information Disclosure Review Board Operations (Utilizing AI in the administrative processes of information disclosure to contribute to expedite government procedures.)
Shared infrastructure	New AI Human Resource Development Project for Tokyo Metropolitan Government Employees
Shared infrastructure	New Full-scale Launch of the AI One-stop Support Desk for the Government Staff
Shared infrastructure	◆ Introduction of Microsoft 365 Copilot license

Improvement in the government services

✕

Improvement in operational efficiency





System of Project Proposals by Tokyo Citizens, University Researchers, and TMG Staff



The objective of this system is to solve the pressing issues facing the TMG by utilizing new perspectives not tied to conventional concepts and the knowledge that has congregated in Tokyo.

System of Project Proposals by Tokyo Citizens [FY 2026 budget amount: ¥0.23 billion]

- Through “**Proposals put forward by Tokyo citizens and selected by Tokyo citizens,**” this mechanism allows measures to directly reflect the voices of Tokyo citizens.
- From **1,094 proposals, 6 projects** have been selected with votes from Tokyo citizens taken into consideration.

Project	Budget amount
Support Project for Utilizing Vacant Houses to Empower Youth	¥18 million
Public Awareness and Promotion Project for Children’s Cafeterias	¥53 million
Promotion of Lifesaving Education for Junior High School Students	¥64 million
Enhancement of Information Dissemination on Certified Housing for Childrearing Households	¥10 million
Enhancement of Traffic Safety Education	¥80 million
Dissemination and Awareness-raising Project for Preventing Missing Persons with Dementia	¥8 million

- Along with votes from Tokyo citizens, we asked voters to send in points for improvement, etc., in relation to proposed projects, and received **4,826 opinions**.

For status of reflected opinions, please follow the Bureau of Finance website “Tokyo citizen’s proposals” link below.
<https://www.zaimu.metro.tokyo.lg.jp/zaisei/zaisei/teian/tomin/8tomin>



System of Project Proposals by University Researchers

[total project expenses: ¥0.76 billion, FY 2026 budget amount: ¥0.12 billion]

- Based on proposals from researchers, this mechanism **creates projects through cooperation with researchers and universities**.
- From **35 proposals, 4 projects** have been selected, with examinations by experts, etc., and votes from Tokyo citizens taken into consideration.

Project	University	Total project expenses (Anticipated)	Budget amount
Early Detection Project for Hereditary Kidney Diseases Underlying Chronic Kidney disease	Institute of Science Tokyo	¥280 million	¥30 million
Project for Deploying Environmentally Friendly Marine Power Generation Technology Leveraging Tokyo’s waters	Tokyo Metropolitan University	¥110 million	¥30 million
Project for Enhancing Urban and Citizen Resilience by Sensing and Measuring Vibration and Preparing for the Tokyo Metropolitan Earthquake	The University of Tokyo	¥160 million	¥30 million
Social Implementation Project of Latest Heatstroke Prevention Research	Institute of Science Tokyo	¥210 million	¥30 million

System of Project Proposals by TMG staff

- Including the Introduction of Application Support Services at Metropolitan Tax Offices, two projects are reflected into the budget.

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Revenues and Expenditures Budget Status

Financial Scale

General Account Budget Scale

9,653.0 billion yen (+495.0 billion yen, +5.4%, compared to the previous fiscal year)

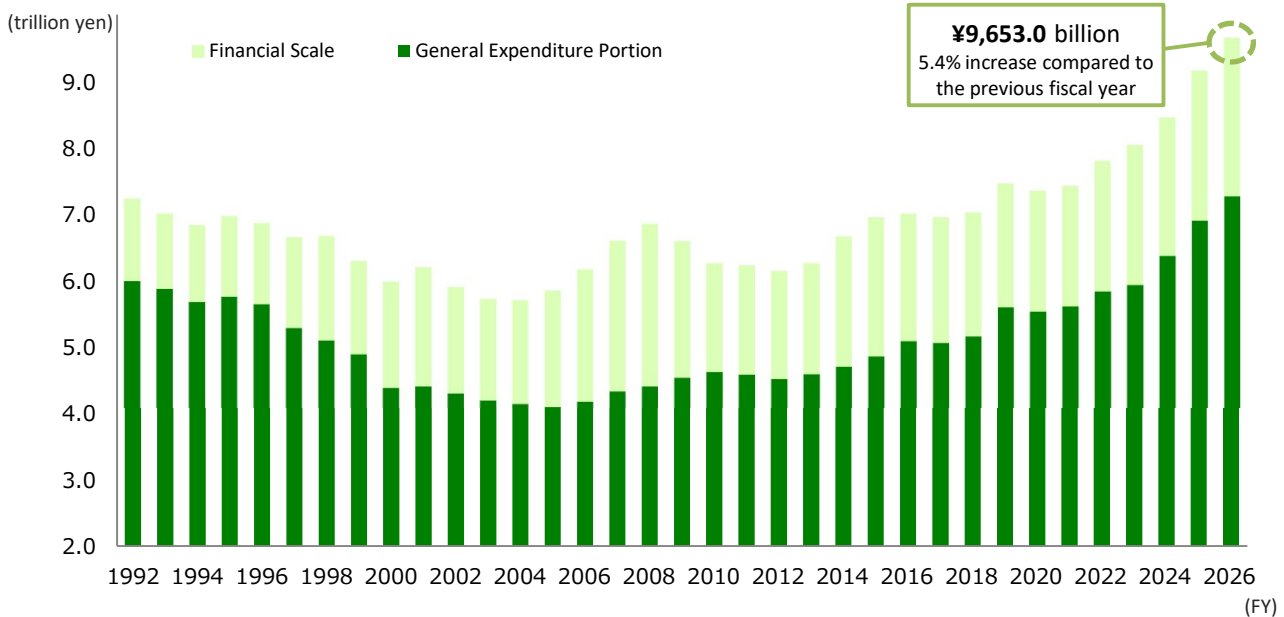
- The general account budget scale increased by 5.4% over the previous fiscal year to 9,653.0 billion yen.
- Metropolitan tax revenues increased by 6.6% compared to the previous fiscal year to 7,385.6 billion yen mainly because of increased revenues from the two corporate taxes following a solid trend in corporate earnings.
- General expenditure, which is policy expenditure, increased by 5.4% compared to the previous fiscal year to 7,267.8 billion yen mainly because of the aggressive and intensive allocation of financial resources **to initiatives aimed at maximizing the potential of people as a driving force for growth, enhancing global competitiveness, and promoting resilient urban development to protect the lives and livelihoods of Tokyo residents.**

Item		FY 2026	FY 2025	Change in Amount	Percentage of Change
General Account	Annual Revenues	¥9,653.0 billion	¥9,158.0 billion	¥495.0 billion	5.4%
	Metropolitan Taxes	¥7,385.6 billion	¥6,929.6 billion	¥456.0 billion	6.6%
	Annual expenditures	¥9,653.0 billion	¥9,158.0 billion	¥495.0 billion	5.4%
	General Expenditure Portion	¥7,267.8 billion	¥6,897.8 billion	¥370.1 billion	5.4%

Special Accounts	[18 accounts]	¥6,991.8 billion	¥6,699.3 billion	¥292.5 billion	4.4%
Public Enterprise Accounts	[9 accounts]	¥2,040.2 billion	¥1,992.4 billion	¥47.8 billion	2.4%
Total Accounts	[28 accounts]	¥18,685.0 billion	¥17,849.7 billion	¥835.3 billion	4.7%

*The term "General expenditure" indicates so-called "policy expenditure" and refers to expenses in the general account excluding expenses for public bonds and expenses allocated to municipalities as a fixed percentage of taxes (tax-related expenses) such as special wards fiscal adjustment account transfers and local consumption tax grants.

Financial Scale and Changes in General Expenditure (General Account Initial Budget)



Item	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Financial Scale	¥7,425.0 billion 1.0%	¥7,801.0 billion 5.1%	¥8,041.0 billion 3.1%	¥8,453.0 billion 5.1%	¥9,158.0 billion 8.3%	¥9,653.0 billion 5.4%
General expenditure	¥5,612.2 billion 1.4%	¥5,840.7 billion 4.1%	¥5,935.4 billion 1.6%	¥6,370.2 billion 7.3%	¥6,897.8 billion 8.3%	¥7,267.8 billion 5.4%

*All figures are initial budget based.

*Lower values indicate percentage change compared to the previous fiscal year.

■ Status of TMG Budget, National Budget and Local Government Finance Measures

Item	TMG (General account initial budget)	National (General account initial budget)	Local government finance measures (Revenues in regular portion)
Financial Scale	¥9,653.0 billion (5.4%)	¥122,309.2 billion (6.2%)	¥102,440.0 billion (5.5%)
General expenditure	¥7,267.8 billion (5.4%)	¥70,155.7 billion (3.0%)	¥85,550.0 billion (5.2%)
Tax Revenues	¥7,385.6 billion (6.6%)	¥83,735.0 billion (7.6%)	¥47,818.5 billion (5.2%)
Dependency on bond issuance	2.3% 0.1 percentage points	24.2% -0.7 percentage points	6.0% -0.1 percentage points
Bond issuance balance	¥4.2 trillion (-4.6%) Tax revenue ratio 0.6 times	¥1,145 trillion (1.4%) Tax revenue ratio 13.7 times	¥166 trillion (-3.5%) Tax revenue ratio 3.5 times

*Values in () indicate percentage change compared to the previous fiscal year.

*Dependency on bond issuance is the percentage of revenues accounted for by bond issuance.

*The national general expenditure is the total expenditure less JGB expenses and local allocation tax grants, etc.

*The national bond issuance balance includes reconstruction bonds.

*The bond issuance balance of local government finance measures includes the Great East Japan Earthquake portion.

Status of Revenues (General Account)

Total Revenues

9,653.0 billion yen (+495.0 billion yen, +5.4%, compared to the previous fiscal year)

- Metropolitan tax revenues increased by 456.0 billion yen or 6.6% compared to the previous fiscal year mainly due to increased revenues from the two corporate taxes following a solid trend in corporate earnings and increased Metropolitan inhabitant tax on individuals arising from improvements in the employment and income environment.
- National treasury disbursements increased by 69.6 billion yen or 16.4% compared to the previous fiscal year mainly because of the launch of the national government's so-called tuition-free high school initiative and the establishment of the school lunch expense burden reduction grant for public elementary schools.
- Funds transfers increased by 159.1 billion yen or 21.8% compared to the previous fiscal year mainly due to active use of Tokyo resilience promotion fund for protection of the lives and livelihoods of Tokyo citizens from natural disasters.
- Miscellaneous revenues decreased by 256.5 billion yen, or 41.4%, compared to the previous fiscal year mainly because of decreased refunds from financial institutions of deposits made by TMG for the small and medium-sized enterprises loan program.

Status of Revenues

Item	FY 2026	FY 2025	Change in Amount	Percentage of Change
Metropolitan taxes	¥7,385.6 billion	¥6,929.6 billion	¥456.0 billion	6.6%
Local transfer taxes	¥78.7 billion	¥82.8 billion	-¥4.1 billion	-4.9%
National treasury disbursements	¥493.7 billion	¥424.0 billion	¥69.6 billion	16.4%
Funds transfers	¥888.8 billion	¥729.7 billion	¥159.1 billion	21.8%
Miscellaneous revenues	¥362.8 billion	¥619.4 billion	-¥256.5 billion	-41.4%
TMG bonds	¥222.6 billion	¥203.4 billion	¥19.2 billion	9.4%
Other revenues	¥220.8 billion	¥169.1 billion	¥51.7 billion	30.6%
Total	¥9,653.0 billion	¥9,158.0 billion	¥495.0 billion	5.4%

Metropolitan Taxes

- Metropolitan tax revenue **increased by 456.0 billion yen or 6.6% compared to the previous fiscal year** to 7,385.6 billion yen mainly because of increased revenues from the two corporate taxes following a solid trend in corporate earnings and increased Metropolitan inhabitant tax on individuals following improvements in the employment and income environment, as well as a rise in transferred local consumption tax due to growth in personal consumption.

Metropolitan Tax Breakdown

Item	FY 2026	FY 2025	Change in amount	Percentage of change
Metropolitan taxes	¥7,385.6 billion	¥6,929.6 billion	¥456.0 billion	6.6%
Two corporate taxes	¥2,712.6 billion	¥2,536.2 billion	¥176.4 billion	7.0%
Metropolitan inhabitant tax on individuals	¥1,407.1 billion	¥1,245.1 billion	¥162.0 billion	13.0%
Transferred local consumption tax	¥921.6 billion	¥815.9 billion	¥105.7 billion	13.0%
Fixed assets tax City planning tax	¥1,854.1 billion	¥1,824.6 billion	¥29.5 billion	1.6%
Other taxes	¥490.3 billion	¥507.7 billion	-¥17.5 billion	-3.4%

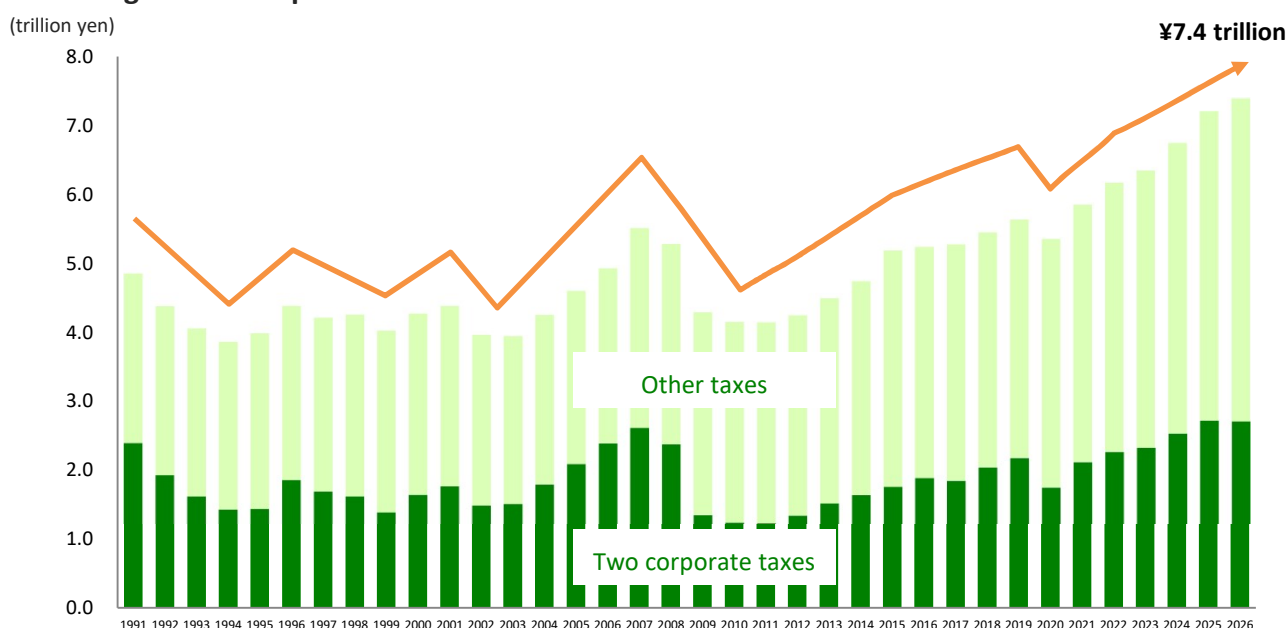
[Financial resources of expenses required for social security measures]

- In order to secure the financial resources of expenses required for social security measures, which are expected to continue increasing, the consumption tax rate, including national and local taxes, was raised from 5% to 8% from April 1, 2014 (of which the local consumption tax rate: 1.7%), and again from 8% to 10% from October 1, 2019 (of which the local consumption tax rate: 2.2%).
- The total amount of increased revenues accompanying the hikes in the local consumption tax rate, is allocated as the financial resource of expenses required for social security measures.

[Fixed assets tax, etc., burden alleviation measures]

- The three existing burden alleviation measures (20% reduction in small-scale non-housing land, etc.) of fixed assets tax, etc., will be continued in FY 2026.

Changes in Metropolitan Tax Revenues



*Values up to FY 2024 are settled amounts, values for FY 2025 are amounts after final adjustment, and values for FY 2026 are initial budget amounts.

(FY)

Status of Expenditures (General Account)

General Expenditure

7,267.8 billion yen (+370.1 billion yen, +5.4%, compared to the previous fiscal year)

- General expenditure increased by 5.4% compared to the previous fiscal year to 7,267.8 billion yen.
- **Ordinary expenditures increased by 6.9%** compared to the previous fiscal year to **6,135.4 billion yen** mainly because of initiatives aimed at maximizing the potential of people as a driving force for growth and enhancing global competitiveness.
- **Investment expenses decreased by 2.5%** compared to the previous fiscal year to **1,132.4 billion yen**, mainly because of a decrease in land acquisition costs for the redevelopment of the Oi Container Terminal.
***Increase by 6.4%** if the decrease in land acquisition costs for the redevelopment of the Oi Container Terminal is excluded.
- **Expenses for public bonds decreased by 2.5%** compared to the previous fiscal year to **279.9 billion yen** as a result of steady redemption of TMG bonds to date.

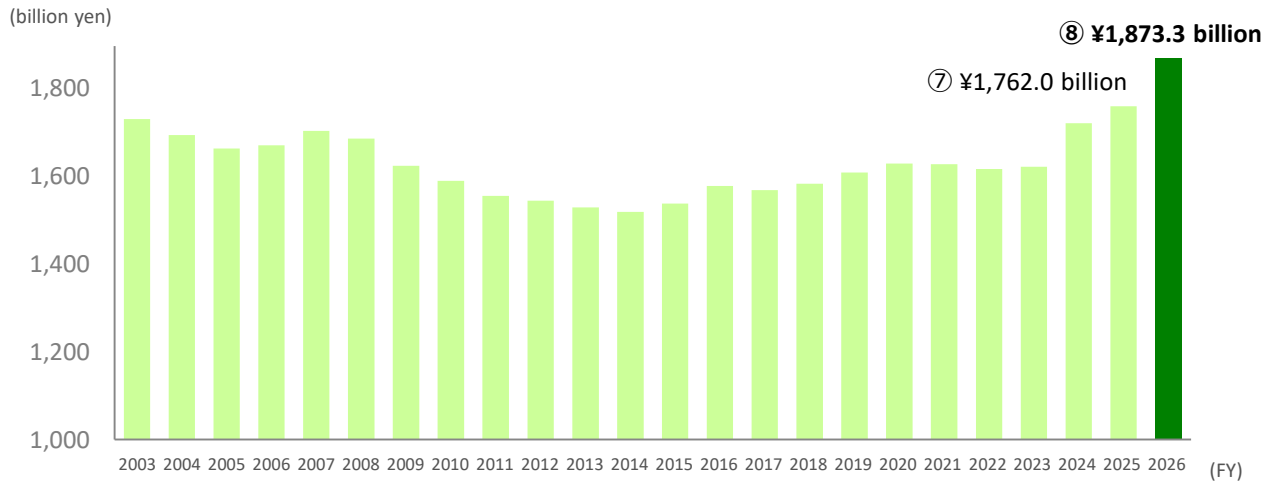
Status of Expenditures

Item	FY 2026	FY 2025	Change in amount	Percentage of change
General expenditure	¥7,267.8 billion	¥6,897.8 billion	¥370.1 billion	5.4%
Ordinary expenditures	¥6,135.4 billion	¥5,736.7 billion	¥398.7 billion	6.9%
Salary-related expenses	¥1,873.3 billion	¥1,762.0 billion	¥111.3 billion	6.3%
Other ordinary expenditures	¥4,262.1 billion	¥3,974.7 billion	¥287.5 billion	7.2%
Investment expenses	¥1,132.4 billion	¥1,161.1 billion	-¥28.7 billion	-2.5%
Expenses for Public bonds	¥279.9 billion	¥287.2 billion	-¥7.3 billion	-2.5%
Tax-related expenses, etc.	¥2,105.3 billion	¥1,973.1 billion	¥132.2 billion	6.7%
Total	¥9,653.0 billion	¥9,158.0 billion	¥495.0 billion	5.4%

Salary-Related Expenses

- Salary-related expenses increased by 111.3 billion yen compared to the previous fiscal year mainly because of increases accompanying the revision of salaries and a rise in retirement allowances following the extension of the retirement age.

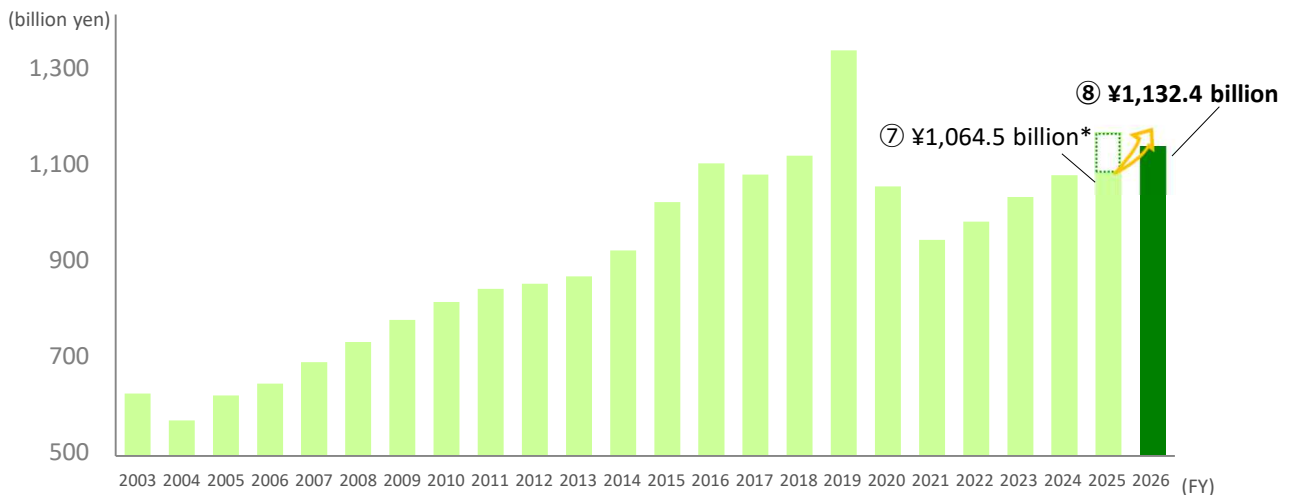
Changes in Salary-Related Expenses (Initial Budget)



Investment Expenses

- Financial resources are allocated with priority placed on projects that will be highly effective, such as the promotion of initiatives toward realization of the resilient capital Tokyo and the initiatives towards the formation of convenient and comfortable transportation and shipping networks.
- These initiatives **increased** investment expenses by **6.4%** or **67.9 billion yen** compared to the previous fiscal year to **1,132.4 billion yen**, excluding the decrease in land acquisition costs for the redevelopment of the Oi Container Terminal and the reduction in costs due to the progress of large-scale renovation work at the Tokyo International Forum and Tokyo Big Sight.
- Furthermore, in light of the impact of rising prices, we ensure the budgetary measures are taken for increased costs resulting from higher construction and labor unit prices for facility development and others, in order to facilitate the price pass-through.

Changes in Investment Expenses (Initial Budget)



*Budgets such as land acquisition costs for the redevelopment of the Oi Container Terminal and costs of large-scale renovation work at Tokyo International Forum and Tokyo Big Sight are excluded.

Breakdown by Objective

- When looking at expenditure by objective, compared to the previous fiscal year, “Education and Culture” increased by 136.8 billion yen, “Living Environment” increased by 106.9 billion yen, and “Health and Welfare” increased by 101.4 billion yen. We are working to improve the quality of Tokyo citizens’ lives through **prioritized and efficient allocation of limited financial resources**.

Item	FY 2026		FY 2025		Change in amount	Percentage of change
		Ratio		Ratio		
Health and Welfare	¥1,873.0 billion	25.8%	¥1,771.6 billion	25.7%	¥101.4 billion	5.7%
Education and Culture	¥1,592.2 billion	21.9%	¥1,455.5 billion	21.1%	¥136.8 billion	9.4%
Labor and Economy	¥782.2 billion	10.8%	¥803.9 billion	11.7%	−¥21.7 billion	−2.7%
Living Environment	¥481.3 billion	6.6%	¥374.4 billion	5.4%	¥106.9 billion	28.6%
Urban Development	¥982.3 billion	13.5%	¥998.9 billion	14.5%	−¥16.6 billion	−1.7%
Police and Firefighting	¥1,057.5 billion	14.6%	¥1,012.6 billion	14.7%	¥45.0 billion	4.4%
Planning and General Affairs	¥499.3 billion	6.9%	¥480.9 billion	7.0%	¥18.4 billion	3.8%
General expenditure	¥7,267.8 billion	100.0%	¥6,897.8 billion	100.0%	¥370.1 billion	5.4%
Public Bonds	¥279.9 billion	—	¥287.2 billion	—	−¥7.3 billion	−2.5%
Tax-related Expenses, etc.	¥2,105.3 billion	—	¥1,973.1 billion	—	¥132.2 billion	6.7%
Expenditures	¥9,653.0 billion	—	¥9,158.0 billion	—	¥495.0 billion	5.4%

Reasons for Changes in Each Sector

Health and Welfare

Increased by 5.7% mainly due to increased expenses related to the project to reduce the burden of childcare fees and subsidies for fertility treatment.

Education and Culture

Increased by 9.4% mainly due to increased expenses for making tuition effectively free at private high schools, etc. and reducing the burden of school lunch costs.

Labor and Economy

Decreased by 2.7% mainly due to reduced expenses following the progress of large-scale renovation work at the Tokyo International Forum, while expenses for the launch of SusHi Tech Global Funds increased.

Living Environment

Increased by 28.6% mainly due to increased expenses for the temporary special measure to waive basic water charges and expenses for the project to promote heat-insulated and solar-powered housing for disaster resilience and health.

Urban Development

Decreased by 1.7% mainly due to decreased expenses in the land acquisition costs for the redevelopment of the Oi Container Terminal, while expenses for the emergency project to accelerate the installation of platform screen doors increased.

Police and Firefighting










Increased by 4.4% mainly due to increased expenses for the development of police facilities and the upgrading of command-and-control systems.

Planning and General Affairs

Increased by 3.8% mainly due to increased expenses for general subsidy to municipalities and provision of support to municipalities regarding matters such as daily life assistance to evacuees.

Column Budget per Tokyo Citizen

- This section reorganizes the FY 2026 budget to show budget per Tokyo citizen by objective. **A large portion of the budget is allocated to measures for parenting/older adults, enhancement of school education, police and firefighting activities, etc.**
- Comparison against figures for FY 1996, 30 years ago, shows **a significant increase for Health and Welfare**, mainly including measures for parenting and older adults.
- In this way, we maintain an accurate understanding of the needs of Tokyo citizens as they change with the times, and **appropriately allocate limited financial resources from metropolitan tax revenues, etc., to the necessary measures.**

Sector	FY 2026 Budget	FY 1996 Budget
 Health and Welfare e.g., measures for parenting and older adults	¥131,189	¥61,103
 Education and Culture e.g., enhancement of school education	¥111,526	¥98,443
 Labor and Economy e.g., revitalization of industry	¥54,791	¥35,867
 Living Environment e.g., waste disposal measures	¥33,709	¥46,573
 Urban Development e.g., road development	¥68,801	¥123,860
 Police and Firefighting e.g., police and firefighting activities	¥74,073	¥74,020
 Planning and General Affairs e.g., staff training and welfare	¥34,976	¥38,759
 Public Bonds e.g., principal and interest redemption of TMG Bonds	¥19,606	¥29,928
 Tax-related Expenses, etc. e.g., subsidies to municipalities	¥147,459	¥73,618
Total	¥676,128	¥582,170
Metropolitan Taxes	¥517,314	¥342,713

*Figures for total population in Tokyo for FY 2026 are as of December 1, 2025, given in "Tokyo Population (Estimates)" (TMG Bureau of General Affairs).

*Figures for total population in Tokyo for FY 1996 are as of December 1, 1996, given in "Tokyo Population (Estimates)" (TMG Bureau of General Affairs).

3

Sustainable Financial Management

Promotion of Sustainable Financial Management

The Context behind Financial Management in the Compilation of the FY 2026 Budget

- As the employment and income environment improves, Japan's economy is continuing a trend of gentle recovery, and metropolitan tax revenues have remained firm.
- On the other hand, it is **necessary to deploy initiatives outlined in the Tokyo 2050 Strategy in a proactive, prompt and reliable manner**. This includes addressing the low birth rate and longevity, responding to intensifying intercity competition, and ensuring safety and security.
- In the FY 2026 budget, with such recognition, we not only address urgent issues but also **proactively and swiftly deploy measures to further evolve Tokyo into a city where people can shine, full of vitality, safety and security from a new perspective that captures the changing times**.
- At the same time, looking ahead to future fiscal demands, we have also strengthened initiatives to **maintain a resilient and sustainable financial base**.
- Specifically, in addition to applying minus-ceilings during the budget request stage, we have strengthened re-evaluation based on project reviews. Consequently, the amount of secured financial resources **has reached a record high of 135.0 billion yen**.
- Furthermore, during the FY 2026 budget compilation, we conducted a comprehensive review of the execution status of subsidies. Based on the past performance, we scrutinized **56 projects totaling 12.6 billion yen**.
- In addition, we have maintained the balance of funds at a level nearly equivalent to the pre-Lehman shock level. At the same time, we have been reducing the outstanding balance of metropolitan bonds, taking into account the burden on future generations.

■ Balancing Proactive Implementation of Measures and Sustainable Financial Management



Proactive implementation of measures (New project: 657)

Diverse City

Smart City

Safe City



Maintaining resilient and sustainable financial base

Minus-ceilings

- Set the maximum total budget amount at a 10% reduced amount from the previous fiscal year for the projects required to be further reviewed, in principle

Reduction in amount
Approx.
12.0 billion
yen

Increase in the effectiveness and efficiency of measures

- Reached the highest ever amount of secured financial resources through project reviews
- Cumulative total of secured financial resources amount after setting the end-of-terms for all projects (10 years)

135.0 billion yen

Approx. 1,080.0
billion yen

Comprehensive review of subsidies

- Review based on the past performance

56
projects

Amount scrutinized
12.6
billion yen

*Some projects overlap.

Strategic utilization of funds

- Securing a stable amount of funds balance

1,450.5 billion yen

Strategic utilization of TMG bonds

- TMG bonds balance 4,237.2 billion yen

Initiatives of Project Reviews, Policy Reviews and Reviews of Projects Undertaken in Collaboration with TMG Group Organizations

FY 2026 Budget Points

- In order to respond appropriately to the various issues it faces within the backdrop of limited financial resources, the TMG has integrally implemented three reviews, as a part of the budget compilation process:
 - project reviews**, which verify each project to improve its efficiency and effectiveness
 - policy reviews**, which evaluate the overall direction of measures based on the degree of achievement of targets
 - reviews of projects undertaken in collaboration with TMG group organizations**, which review the contribution to measure targets of the TMG and the direction of initiatives
- In project reviews, we upgraded the system from a more outcome-oriented perspective by making the setting of key performance indicators (KPIs) mandatory and expanding the utilization of expertise from outside specialists. As a result, we announced evaluation results of **1,604 projects** and led to the revision and rebuilding of **1,261 projects**.
- In policy reviews, for **10 policy groups**, including cross-bureau initiatives, we strove for a further utilization of administrative data as well as systematical arrangement of the effect and challenges of each project which compose project groups, followed by quantitative understanding and analysis, which resulted in the building of effective projects.

Initiative Status



Project reviews

Number of announcements: **1,604 projects** (among them, Reviewed and rebuilt: **1,261 projects**)
/Secured financial resources amount: **135.0 billion yen**

Policy reviews

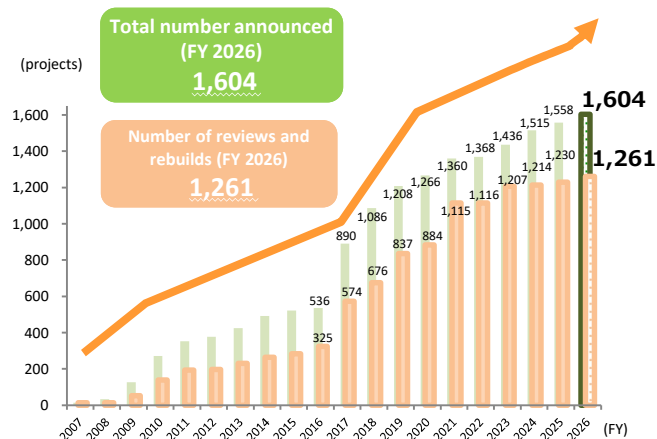
Number of announcements: **10 groups**/Achievement indicators: **15 indicators**
/Individual projects: **98 projects** (Reviewed and rebuilt: 56 projects, New and expanded: 42 projects)

Reviews of projects undertaken in collaboration with TMG group organizations

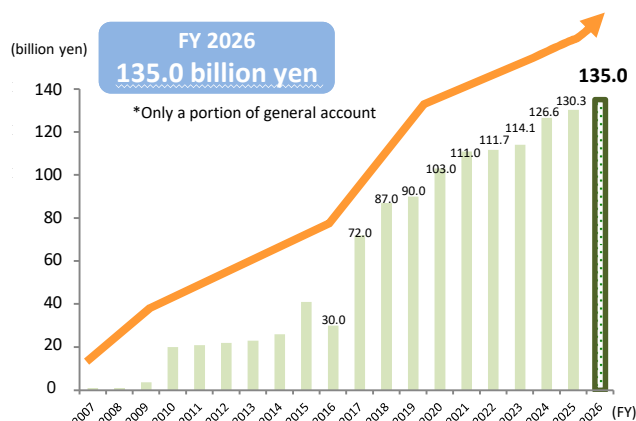
Reviewed groups: **All 33 groups**/Collaborative targets and project targets: **88 targets and 221 indicators**
/Reflection into TMG projects: **101 cases**

Changes in the Number of Announcement (project review)

*Total number of projects: Approx. 6,000



Changes in Amount of Financial Resources Secured (project review)



■ Upgrade of Project Reviews

- To enhance the evaluation system further, we have upgraded our project evaluation process for the FY 2026 budget compilation from the following four perspectives based on the deliberations in the outside expert review meeting.

(i) Reinforcing Verification with a Focus on Outcomes



Setting KPIs for 505 projects (New)



- We **now require the setting of KPIs** for all projects under the Tokyo 2050 Strategy that are subject to evaluation. By strengthening progress management through KPIs, we are further enhancing our verification process with a focus on the outcomes of measures.

(ii) Achieving More Highly Objective Evaluation



Utilizing the opinions of outside experts for 39 projects (New)



- For FY 2026, we have **fully integrated outside expert opinions** into **three specific themes: Digital, Public Relations, and Endowments**.
- By seeking opinions from both **subject-matter experts** and **administrative evaluation specialists**, we **ensure objectivity and credibility** in our evaluation.

Approach to Selecting Key Themes

Digital	Public Relations	Endowments
<ul style="list-style-type: none"> ● Leveraging the power of digital technology is essential for enhancing public services and improving operational efficiency. ● Digital measures involve rapidly evolving technology and thus require a high level of specialized expertise. 	<ul style="list-style-type: none"> ● In order to ensure the right policies and information reach the right people, it is crucial to promote PR that is truly accessible to every resident of Tokyo. ● As information dissemination methods become increasingly diverse, utilizing specialized expertise is indispensable for analyzing target audiences and selecting appropriate media channels. 	<ul style="list-style-type: none"> ● Through multiyear endowments to affiliated organizations for policy implementation and other entities, we enable an agile and flexible implementation of projects. ● Since these endowments span multiple fiscal years, we are further enhancing the objectivity and transparency of our projects by leveraging the insights of outside experts.

(iii) Further Utilization of New Public Accounting Methods



Analysis utilizing new public accounting perspectives: **11 cases (Expanded)** Publication of analysis process (New)

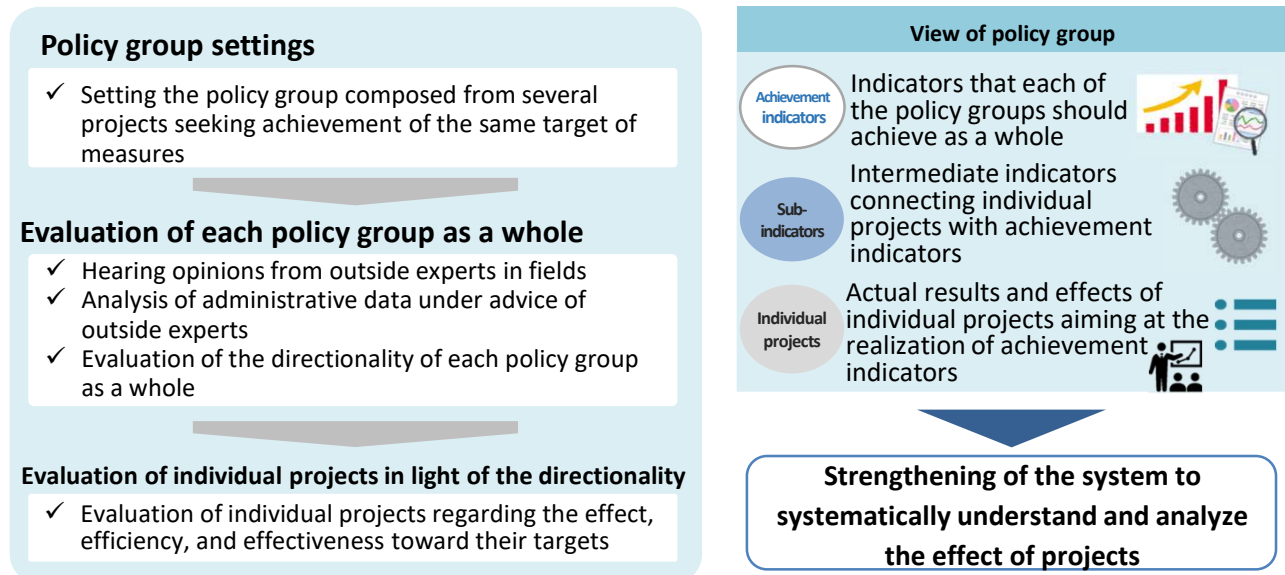
- By **utilizing new public accounting methods further** and **strengthening analyses based on full-costing data**, we verify the validity of measures and cost-effectiveness from multiple angles, which leads to **the development and review of policies with high effectiveness and efficiency**.
- Furthermore, we have **newly disclosed our analysis processes based on new public accounting method** to **share our analytical concepts and know-how**, which **further promotes the utilization of these accounting methods across all bureaus**.

(iv) Strengthening Perspectives for the Review of Measures

- We are **further strengthening our project reviews** by **consolidating or integrating similar projects** from the perspective of Tokyo residents and service users.
- We are **improving the convenience of public services and operational efficiency** through the **thorough utilization of AI**.

■ Policy Reviews

- Policy reviews consider achievement of targets, opinions of outside experts, and analysis results of administrative data, to evaluate the directionality of measures in each policy group as a whole.



■ Reviews of Projects Undertaken in Collaboration with TMG Group Organizations

- We set collaborative targets between the TMG and organizations and project targets of the organizations and then performed evaluations of the directionality of project reviews, taking into account of analysis of challenges from on-site viewpoint and opinions of outside experts et al.
- We refined reviews from a perspective placing greater priority on achievements, which includes **the review of targets based on the viewpoint of Tokyo citizens and a raise in project targets reflecting actual performance.**



Utilization of Funds

- To steadily implement measures and respond to significant challenges, the TMG has strategically secured funds by mainly depositing finance sources generated by detailed reviews of expenditures.
- In the FY 2025 final adjustment budget, we will deposit 50 billion yen each totaling 100 billion yen to the Zero Emission Tokyo Fund and the Fund to Promote the Installation of Renewable Energy Equipment in New Buildings etc. to proactively utilize the funds for decarbonization initiatives and other efforts in the future.
- In the FY 2026 budget, in order to steadily promote measures to reinforce the city's resilience, improve social capital, and realize an advanced welfare city, **838.1 billion yen of funds for the realization of 3-Cities, etc.**, which have strategically been deposited, **will be proactively utilized**. The funds balance is expected to amount to 1,450.5 billion yen at the end of FY 2026.
- In order to proactively and steadily advance measures that evolve Tokyo further into a vibrant, safe and secure city where people can shine, we will continue to **utilize our funds strategically** from a medium-to-long-term perspective, while carefully assessing the trend of future fiscal demands.

Deposits to Funds in the FY 2025 Final Adjustment Budget

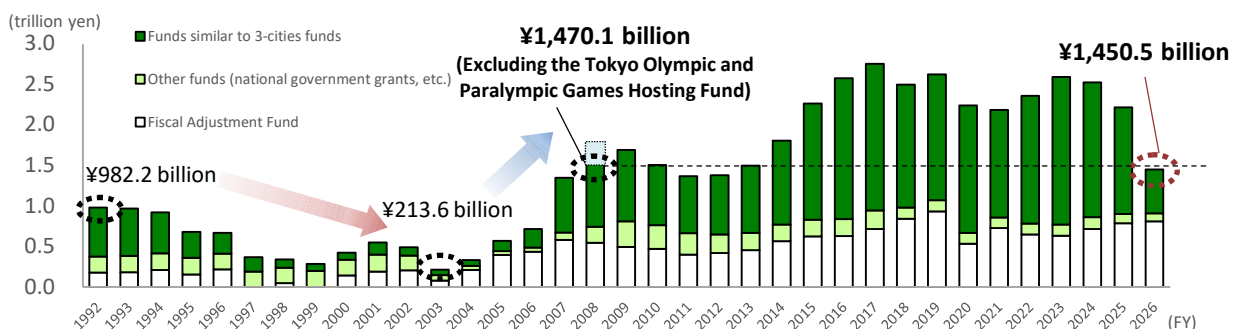
- In the **FY 2025 final adjustment budget**, we deposit 50 billion yen each **totaling 100.0 billion yen** to the Zero Emission Tokyo Fund and the Fund to Promote the Installation of Renewable Energy Equipment in New Buildings etc. By **utilizing the 100 billion yen as a financial source for FY 2026 as well**, we will address TMG's critical priorities, including decarbonization.
- Furthermore, in accordance with provisions specified under the ordinance, 67.8 billion yen, which is the fixed amount of tax revenue increases, is deposited to the Fiscal Adjustment Fund as mandatory reserves.

Utilization of Funds in the FY 2026 Initial Budget

- In the FY 2026 initial budget, **a total of 838.1 billion yen is withdrawn and utilized**, mainly from the Tokyo Resilience Promotion Fund (265.2 billion yen) and the Social Capital Improvement Fund (184.4 billion yen).
- As of end-FY 2026, **the expected balance for the funds for the realization of 3-Cities, the Fiscal Adjustment Fund, etc., is 1,450.5 billion yen**, which is roughly the same as pre-Lehman Shock levels*. In this way, the TMG is **securing a stable amount of funds balance from sustainable financial management perspectives**.

*Excluding the Tokyo Olympic and Paralympic Games Hosting Fund

Changes in Funds Balances (Based on the Ordinary Account)



*Values up to FY 2024 are settled amounts, and values for FY 2025 onwards are expected year-end balances.

*Past funds balances are classified according to new fund systems from FY 2017 onwards.

Status of Funds Deposits and Withdrawals in FY 2026 (Based on the Ordinary Account)

■ Funds for the Realization of 3-Cities

Item	FY 2025	FY 2026			
	Year-end balance (After final adjustment)	Deposit amount (Initial)	Withdrawal amount (Initial)	Year-end balance (Initial)	
Safe City	¥325.7 billion	—	—	¥265.2 billion	¥63.5 billion
Tokyo Resilience Promotion Fund	¥325.7 billion	—	—	¥265.2 billion	¥63.5 billion
Smart City	¥758.4 billion	¥12.5 billion	—	¥381.6 billion	¥395.3 billion
Social Capital Improvement Fund	¥304.9 billion	¥6.8 billion	—	¥184.4 billion	¥130.5 billion
Fund Reserve for New Railway Line Construction, etc.	¥181.1 billion	¥5.7 billion	—	¥10.0 billion	¥177.9 billion
Smart Tokyo Fund	¥72.4 billion	—	—	¥72.3 billion	¥0.5 billion
Green Tokyo Fund	¥14.5 billion	—	—	¥3.5 billion	¥11.1 billion
Zero Emission Tokyo Fund	¥79.5 billion	—	—	¥64.0 billion	¥15.9 billion
Fund to Promote the Installation of Renewable Energy Equipment in New Buildings, etc.	¥106.1 billion	—	—	¥47.3 billion	¥59.4 billion
Diverse City	¥192.5 billion	—	—	¥136.9 billion	¥56.9 billion
Advanced Welfare City Realization Fund	¥192.5 billion	—	—	¥136.9 billion	¥56.9 billion
Tokyo 2020 Legacy Fund	¥40.6 billion	—	—	¥15.1 billion	¥26.0 billion
Subtotal	¥1,317.3 billion	¥12.5 billion	—	¥798.9 billion	¥541.7 billion

■ Funds Built up from National Government Grants, etc.

Other funds	¥111.8 billion	¥26.7 billion	—	¥39.2 billion	¥100.3 billion
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■ Fiscal Adjustment Fund

Fiscal Adjustment Fund	¥787.9 billion	¥15.1 billion	—	—	¥808.5 billion
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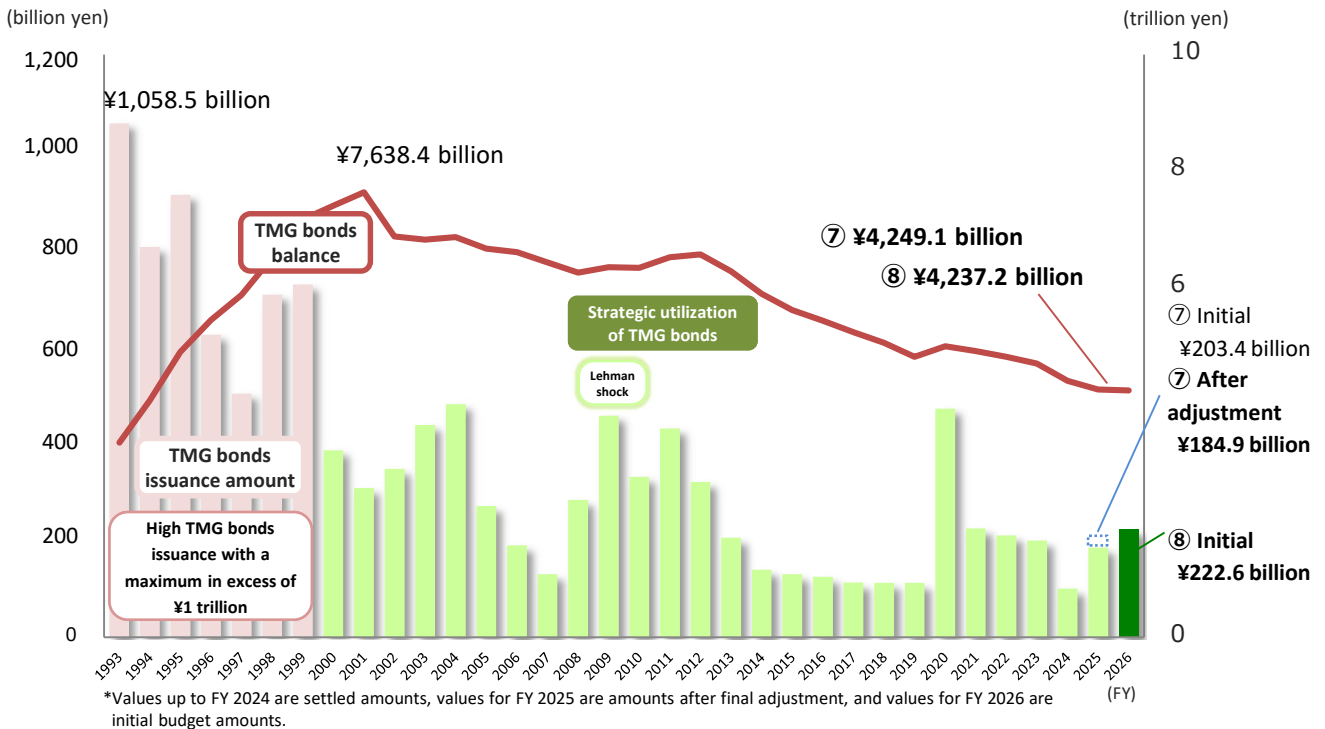
Total	¥2,217.0 billion	¥54.3 billion	—	¥838.1 billion	¥1,450.5 billion
General account	¥2,200.0 billion	¥54.3 billion	—	¥835.2 billion	¥1,436.2 billion
Special accounts	¥17.0 billion	—	—	¥2.9 billion	¥14.3 billion

*As the deposit amounts do not include accumulations, the FY 2026 year-end balance does not match the total of FY 2025 year-end balance and FY 2026 deposit amounts and withdrawal amounts.

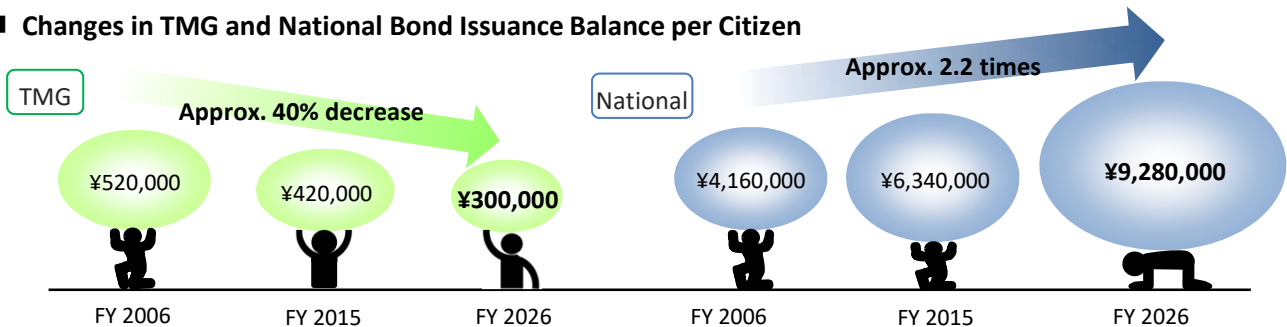
Utilization of TMG bonds

- Since FY 2000, the TMG had worked to restrain TMG bonds issuance through financial reconstruction initiatives, and has subsequently worked towards steady financial management through TMG bonds issuance in accordance with the status of metropolitan tax revenues, etc.
- In the FY 2026 budget as well, by utilizing TMG bonds strategically while considering the burden on future generations, the balance of TMG bonds amounts to **4,237.2 billion yen, down 11.9 billion yen** from the previous fiscal year.
- In addition, the issuance amount of TMG bonds amounts to **222.6 billion yen, up 19.2 billion yen** from the FY 2025 initial budget, and **the dependency on bond issuance is 2.3%**.
- **The dependency on bond issuance maintains lower levels compared to the national government (24.2%) and local governments (6.0%).**

Changes in TMG Bonds Issuance Amounts and TMG Bonds Balance



Changes in TMG and National Bond Issuance Balance per Citizen

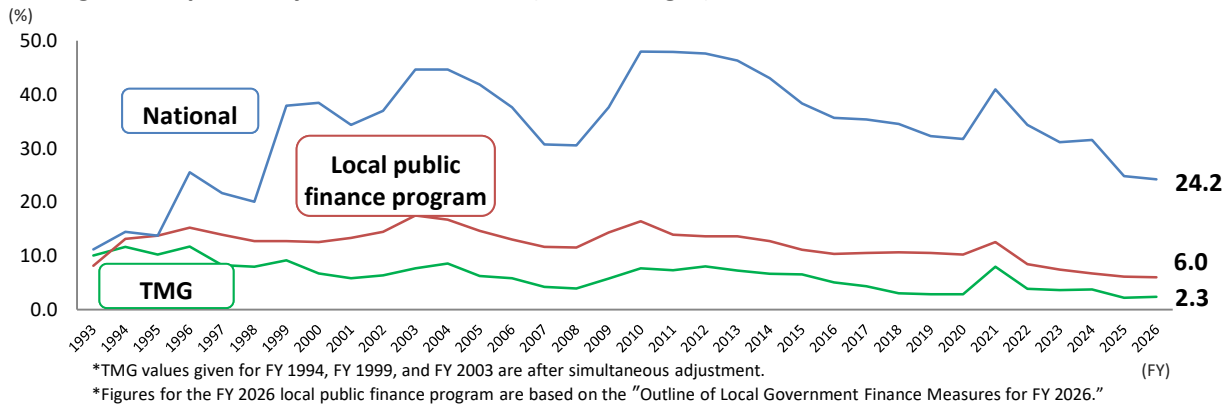


*Figures for total population of Tokyo are as given in "Tokyo Population (Estimates)" (TMG Bureau of General Affairs) (populations are as of October 1, 2006, October 1, 2015, and December 1, 2025).

*Figures for total population are as given in "Population Estimates" (Ministry of Internal Affairs and Communications) (populations are as of October 1, 2006, October 1, 2015, and July 1, 2025).

*TMG bonds balance is based on the general account, and FY 2026 TMG bonds balance is as given in the initial budget.

■ Changes in Dependency on Bond Issuance (Initial Budget)



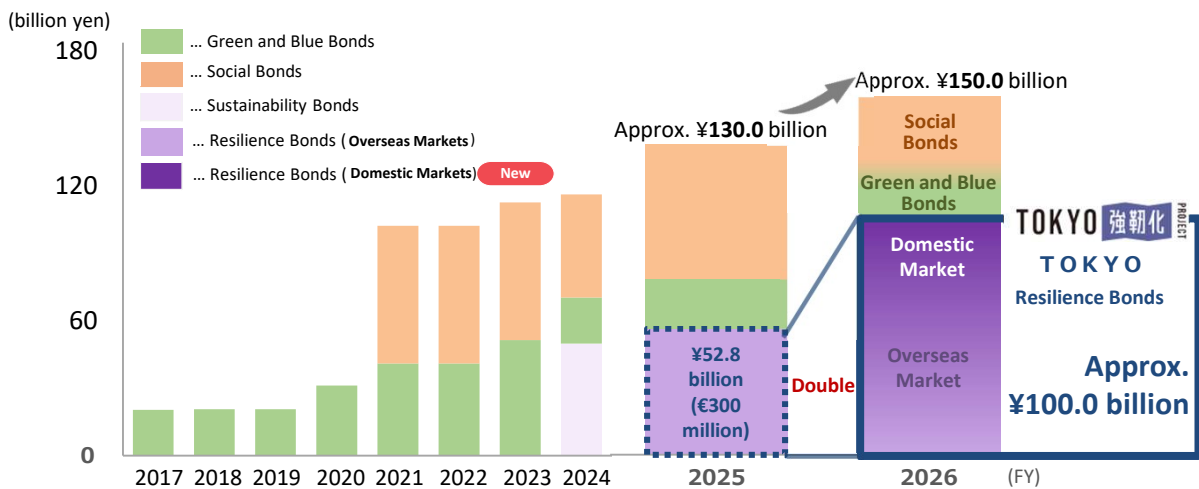
Column

Initiatives for sustainable resilient finance

(FY 2026: Approx. ¥150.0 billion)

- Ahead of local authorities nationwide, the TMG has issued **Tokyo Green Bonds** since FY 2017 and **Tokyo Social Bonds** since FY 2021. We added the conservation of the marine environment to subjects of the green bonds in FY 2024 and renamed the bonds to **Tokyo Green and Blue Bonds**.
- Since FY 2025, we have been issuing in overseas markets **Tokyo Resilience Bonds**, which are the world's first climate bonds certified resilience bonds. In FY 2026, we will newly **issue resilience bonds for the domestic market** and will **double the total amount of resilience bonds issued in both domestic and overseas markets**.
- We will **dedicate all the funds from Tokyo Resilience Bonds to Tokyo Resilience Project to accelerate it**.
- We will strongly promote our measures, such as environmental measures and reinforcement of city resilience, while **aiming to be a city that leads sustainable resilient finance** by widely attracting investment money from Japan and overseas.

■ Changes in issuance amount



*Actual amounts until FY 2024 and the budget amount for FY 2025 and 2026. (However, figures for FY 2025 Resilience Bonds are actuals, and the breakdown for FY 2026 is yet to be determined.)

*The amount includes that of special accounts and public enterprise accounts. Also, amounts of FY 2023 and 2024 include a refinanced portion.

*The exchange rate used is 176 JPY/EUR as of October 16, 2025, when the issuance terms for the Resilience Bonds were determined.

Column

Initiatives to promote the Tokyo 2050 Strategy

- In the Tokyo 2050 Strategy, we have established a vision for Tokyo's ideal future in the 2050s, set specific policy targets to realize it, and are driving various initiatives.
- To realize our goal of making Tokyo *the best city in the world*, we have revised three of our policy targets upward in light of their progress and set 16 new targets in response to changes in the environment since the Strategy was formulated.
- In the FY 2026 budget, we have allocated a total of approximately 2,850 billion yen across all accounts for measures to promote the Tokyo 2050 Strategy, including initiatives to achieve these targets.

Up

Tokyo
2050 Strategy

Policy targets revised upward



	Target	Main project
Childcare/ Women's Empowerment/ Work style	Increase the rate of fathers taking childcare leave to 90% or higher and maintain that level. Advance the target completion date forward by two years from 2030 to 2028.	New Support for working citizens to take ikugyo, the "job of parenting"
Zero Emission/ Urban Resilience	Solar power installation Raise the installed capacity to 2.5 million kWh by 2030 and 4 million kWh by 2035 Residential storage battery installation Raise the installed capacity to 3.5 million kWh by 2030 and 4.5 million kWh by 2035.	◆ Project to promote heat-insulated and solar-powered housing for disaster resilience and health

New

Tokyo
2050 Strategy

Newly established main policy targets



Sector	Target	Main project
Community	Increase the percentage of residents who believe that their local community offers mutual support in times of need to 70% .	New Comprehensive consultation and support project for the elderly living alone ◆ Support activities of welfare volunteers and child welfare volunteers
Startup	Increase total funding for startups aiming to scale up to 3 trillion yen .	◆ SusHi Tech Global project
	Produce 2,000 startups that are expanding globally and aiming to scale up.	New SusHi Tech Global Funds ◆ King salmon project
Culture & Entertainment	Increase the percentage of artists and others who feel that they have a well-equipped creative environment to 45% or higher .	◆ Tokyo live stage promotion subsidy New Project for the cultural utilization and information delivery of modern and contemporary residential architecture ◆ Project for the development and activity support of art professionals
Zero Emission	Increase the percentage of Tokyo residents practicing heat acclimatization to 60% .	◆ Project for the promotion of heatstroke prevention and heat island mitigation New Social implementation project of latest heatstroke prevention research
	Collect 1.5 million liters of used cooking oil to expand the use and adoption of SAF.	◆ Promotion of SAF using used cooking oil and waste as raw materials
Urban Resilience	Formulate a heavy rain countermeasures plan for all 10 river basins and promote them.	◆ Improvements in small and medium-sized rivers ◆ Initiatives for redefining river facilities in light of climate change
	Complete the development of sewerage facilities, including trunk lines and storage facilities, in 39 out of 67 priority districts.	◆ Strengthening of flood countermeasures in priority districts (Wards area)
	Broadly eliminate condominiums with inadequate seismic resistance.	◆ Subsidies for Seismic Diagnosis and Retrofitting of Condominiums
Digital	Raise the percentage of Tokyo residents with AI literacy to 80% or higher from four perspectives*. *Knowledge, utilization, understanding of risks, and acceptance of AI utilization in public services	New Project for enhancing basic AI literacy among Tokyo residents* *Development and provision of educational materials for Tokyo residents to learn about the characteristics, convenience, and risk management of generative AI.
	A cumulative total of 200 municipal staff complete advanced training for digital talent, such as ITC professionals.	◆ Management of General Incorporated Foundation GovTechTokyo

Worsening of the Local Taxation System

- Because of successive worsening of the local taxation system since FY 2008 tax reform, the transfer of corporate inhabitant and enterprise taxes (two corporate taxes) to national tax had been processed.
- The impact amount of this series of worsening on FY 2026, compared to a hypothetical case in which tax reforms had not taken place, is **-1,599.3 billion yen**. These measures have a significant impact on TMG finances.
- The TMG will continue to strongly urge the national government to expand the local tax and financial systems as a whole according to local governments' roles and authority.

■ Overview of Worsening of Local Corporate Taxation

① Partial transfer of corporate enterprise tax to national tax	<p>- A certain fraction of corporate enterprise tax (income basis and revenue basis) is transferred to national tax as special corporate enterprise tax.</p> <p>- The portion transferred to national tax is distributed among prefectures as special corporate enterprise transfer tax in accordance with population.</p> <p>▶ Approx. 30% of corporate enterprise tax is transferred to national tax. In the distribution of the transfer tax to the TMG, which does not receive local allocation tax grants, up to a maximum of 75% is deducted from the amount proportionally allocated in accordance with population.</p>						
② Transfer of corporate inhabitant tax to the source of local allocation tax grants	<p>- A certain fraction of corporate inhabitant tax proportionate to corporate tax is transferred to national tax as local corporate tax, which is distributed as local allocation tax.</p> <p>▶ As the TMG does not receive local allocation tax grants, the tax rate reduction due to the transfer to national tax directly leads to a fall in revenues.</p> <table border="0" data-bbox="475 1055 1401 1160"> <tr> <td>[Standard tax rate for corporate inhabitant tax proportionate to corporate tax]</td> <td>[Tax rate reduction due to transfer to national tax]</td> </tr> <tr> <td>Prefectural inhabitant tax: 5.0% → 1.0%</td> <td>Prefectural inhabitant tax: -4.0%</td> </tr> <tr> <td>Municipal inhabitant tax: 12.3% → 6.0%</td> <td>Municipal inhabitant tax: -6.3%</td> </tr> </table>	[Standard tax rate for corporate inhabitant tax proportionate to corporate tax]	[Tax rate reduction due to transfer to national tax]	Prefectural inhabitant tax: 5.0% → 1.0%	Prefectural inhabitant tax: -4.0%	Municipal inhabitant tax: 12.3% → 6.0%	Municipal inhabitant tax: -6.3%
[Standard tax rate for corporate inhabitant tax proportionate to corporate tax]	[Tax rate reduction due to transfer to national tax]						
Prefectural inhabitant tax: 5.0% → 1.0%	Prefectural inhabitant tax: -4.0%						
Municipal inhabitant tax: 12.3% → 6.0%	Municipal inhabitant tax: -6.3%						
③ Corporate enterprise tax grant	<p>- Mainly in order to cover for the decreased revenues of municipalities accompanying the transfer of corporate inhabitant tax to the source of local allocation tax grants, a fixed percentage of corporate enterprise tax is distributed among municipalities in each prefecture.</p> <p>*The equivalent portion for special wards is the amount obtained by adding the applicable corporate enterprise tax grant to the adjustment tax, which serves as the source of the fiscal adjustment grants for special wards, and then multiplying the total by the ratio specified by the ordinance. (The impact amount resulting from this is included in ②.)</p>						

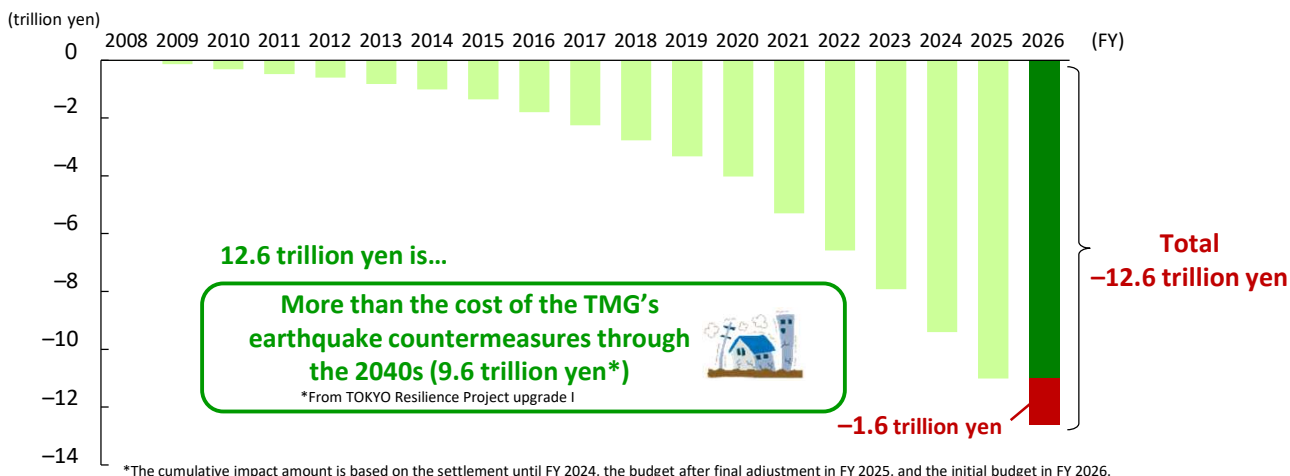
■ The Impact Amount of the Worsening of Local Corporate Taxation (FY 2026)

Item	FY 2026 initial budget	Overview
① Corporate enterprise tax	-¥780.5 billion	Partial transfer of corporate enterprise tax to national tax as special corporate enterprise tax
Special corporate enterprise transfer tax	¥75.5 billion	Special corporate enterprise tax distributed among prefectures as local transfer tax (FY 2026 local public finance program: ¥2,601.6 billion)
② Corporate inhabitant tax	-¥875.0 billion	Partial transfer of corporate inhabitant tax to the source of local allocation tax grants as local corporate tax
Subtotal of two corporate taxes and transfer tax	-¥1,580.0 billion	
③ Corporate enterprise tax grant	-¥19.3 billion	A fixed percentage of corporate enterprise tax distributed among municipalities in each prefecture
Total	-¥1,599.3 billion	

Impact of the Past Worsening of Local Corporate Taxation

- The TMG experienced the takeaway of revenues from metropolitan taxes of 1.6 trillion yen in FY 2026 and 12.6 trillion yen as the cumulative total by the national government due to the successive worsening of local corporate taxation since FY 2008.

Changes in cumulative impact amount

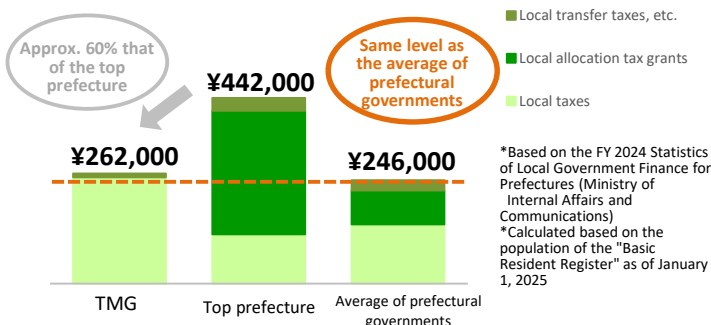


About 100,000 yen in taxes per Tokyo citizen for the year, and about 900,000 yen on a cumulative basis have been lost!

- In the first place, when comparing amounts of general revenue resources per capita that consist of local taxes and local allocation tax grants, etc., **Tokyo's is almost the same as the average of prefectural governments.**



Amounts of general revenue resources per capita



Outline of the FY 2026 Tax Reform Proposals by the Ruling Parties (December 19, 2025)

- As they said, "The TMG reached a record high of its revenues exceeding expenditures for FY 2024 and FY 2025 estimated according to the standard of the central government for two consecutive years as local tax revenues have increased in recent years. The gap in finance of local governments has expanded between urban and rural areas. Against a backdrop of these situations, the regional disparities in administrative services have also been expanding," and "As an additional measure to correct uneven distribution of tax resources particularly in local corporate taxation with a high degree of uneven distribution," the following measures would be examined and they clearly stated, "We will reach a conclusion in the FY 2027 Tax Reform Proposals."
 - > The capital-based portion of corporate enterprise tax will be newly subject to special corporate enterprise tax and transfer tax
 - > Increase the percentage of special corporate enterprise tax and transfer tax concerning the income-based and revenue-based portions of corporate enterprise tax.
- Furthermore, they stated that, with regard to the **fixed assets tax on land in the special wards**, tax revenues are "significantly concentrated in Tokyo," and that they will "examine necessary measures and reach a conclusion in tax reforms from FY 2027 onward."

The TMG's Claim Against the Worsening of the Local Taxation System by the National Government

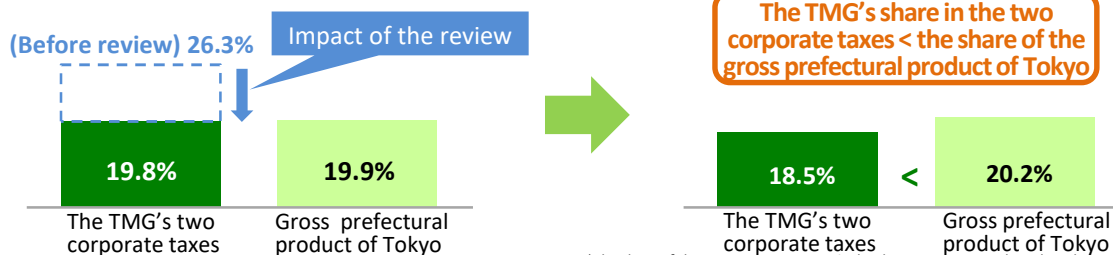
Claim (i) No Consistency in the National Government's Claim

- At the time of the tax reform in FY 2019, the national government said that two corporate taxes concentrated on Tokyo on the ground of the TMG's tax revenue share in nationwide local corporate taxation (26.3%) surpassing the share of the gross prefectural product of Tokyo (19.9%).
- The tax reform was conducted to match the respective shares, and the TMG's share in the two corporate taxes decreased to 19.8%.
- The current share of the two corporate taxes (18.5%) **falls below** the share of the gross prefectural product of Tokyo (20.2%). **The national government's claim that local corporate taxation should be reviewed has no consistency at all.**

[The TMG's Nationwide Tax Revenue Share in the Two Corporate Taxes and the Share of the Gross Prefectural Product of Tokyo]

At the time of the tax reform in FY 2019

Current Status



*The share of the two corporate taxes is the five-year average based on the settlement from FY 2013 to FY 2017 (the value in FY 2017 was an estimate), which reflected the decrease in the share by introducing special corporate enterprise transfer tax.
*The share of the gross prefectural product of Tokyo is the five-year average from FY 2011 to FY 2015.

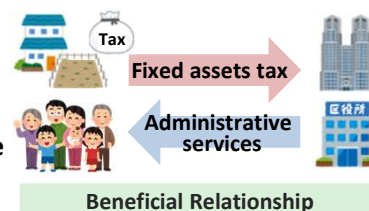
*The share of the two corporate taxes is the three-year average based on the settlement from FY 2021 to FY 2023 when the impact of the tax reform in FY 2019 was annualized (including the portion equivalent to the amount granted in local allocation tax grants for which special corporate enterprise transfer tax and local corporate tax are the sources of funds).
*The share of the gross prefectural product of Tokyo is the five-year average from FY 2017 to FY 2021.

Claim (ii) The National Government's Claim is Not Based on the Facts

- The national government claims as if tax revenues from the two corporate taxes have been increasing only in Tokyo and the disparity in financial strengths has been expanding, but **these are completely wrong**. If you compare the rates of increase in the settlement in FY 2023 and FY 2024, **Tokyo was 7% and ranked 34th among 47 prefectures**. Furthermore, because of the FY 2019 tax reform, the TMG's nationwide share of the two corporate taxes decreased by approximately 10% and has been going sideways afterwards.
- The amount of exceeding financial resources is merely the theoretical value measured based on the standards established by the national government in calculating local allocation tax. **Fiscal demand specific to large cities has not been sufficiently reflected**, which has significantly deviated from the actual condition, and therefore, **it does not serve as the ground for the disparity in financial strengths**.

Claim (iii) Allocation of Fixed Assets Tax is the Negation of the Local Taxation System

- Fixed assets tax is a municipal tax borne in exchange for **administrative services according to the asset value, such as land and buildings**.
- Compared to local areas, land prices in Tokyo are high, and Tokyo citizens and business operators in Tokyo bear fixed assets tax according to the land prices. Nevertheless, allocating fixed assets tax to municipalities other than the locations of land **distorts the benefit principle, and it is an act that gives a flat denial to the basis of the local taxation system**.



Claim (iv)**The Theory of the *Disparity in Administrative Services* that the National Government Claims is Nothing but the Denial of Local Autonomy**

- The initiatives for the TMG’s Children-First can be cited as an example of the disparity in administrative services, but in the first place, **the child-raising measures are the critical challenge that the national government should address.**
- Nevertheless, the TMG has **implemented various measures with a pioneer spirit** based on local circumstances and challenges, such as 018 Support, making high school tuition practically free and making school lunch fees free.
- Under these circumstances, **it is almost certain that the number of births in Tokyo** throughout the year (preliminary figure) will **increase for the first time in nine years.**
- The national government **follows in the footsteps of the TMG** and has decided to remove income restrictions for child allowances and furthermore, they will implement the so-called free high school education and the drastic burden reduction of school lunch fees from FY 2026.
- In this way, **the TMG’s pioneering initiatives have spread across Japan leading to the improvement of child-raising support.**
- **Municipalities carrying out necessary measures according to their respective actual circumstances is the basis of local autonomy.** Criticizing this as the disparity in administrative services etc. is nothing but the denial of local autonomy.

- Claims indicated in the Outline of the FY 2026 Tax Reform Proposals have no consistency in terms of grounds and their way of thinking and are **specifically targeted at Tokyo**, and **the TMG is adamantly opposed to them.**
- **Working to enhance the local tax and fiscal system as a whole to suit the responsibilities and roles of the local governments** is of vital importance. **An inward looking struggle to claim a larger slice of the limited pie undermines national interests** and offers no viable future for Japan.

Column**The settlement system concerning prefectural inhabitant tax on interest income**

- In light of the recent expansion of use of online banks etc., the national government has proceeded with the examinations concerning the location of local tax revenue attribution of prefectural inhabitant tax on interest income (tax on interests on deposits and savings to receive payments from financial institutions etc.).
- Regarding the point that taxation in the place of residence that imposes a tax by the municipality that a taxpayer resides shall be the ideal state, the TMG shares the same understanding as the national government. Toward the realization of this, the TMG has **claimed the understanding of the correct actual situation and the necessity of making the discussions public.**
- Under these circumstances, **the national government ignored the latest actual situation of taxation**, concluded that the deviation of the original location to which local tax revenue should be attributed and the local governments that actually impose the tax has expanded on **the grounds of the extremely small sample survey etc.**, and **is trying to force through the introduction of the settlement system to adjust tax revenues** among prefectures on the basis of the personal income amount in the FY 2026 tax reform.
- The Tokyo Metropolitan Tax Commission also reported that proper investigations should be implemented and a proposal for a review upon the correct understanding of the actual circumstances should be made, instead of the hasty introduction of the settlement system. Assumptions and analyses of the past examinations by the national government are **different from actual circumstances**, and **the necessity of both correct understanding of actual circumstances and elaborate discussions, as claimed by the TMG is obvious.**
- If easily introducing the settlement system under the situation of incomplete analyses and with a predetermined conclusion, there will be a risk of **going against taxation in the place of residence to originally aim for.** **Hastily conducting the system revision that is not based on sufficient discussions and data is absolutely unacceptable.**

[The National Government’s Sample Survey]

Examinations on the actual circumstances on the location of local tax revenue attribution are insufficient
 > Prefectural capitals nationwide
 3,330 households / 58.50 million households
 -> 0.0057%

> **23 wards of Tokyo**
 210 households / 7.45 million households
 -> 0.0028%

[The TMG’s Nationwide Share of Interest-Based Tax Revenues]