

# **Tax Education, Tax Literacy and Financial Behaviors: The Case of Japan**

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## **Abstract**

Japan is a super-aged society where almost 30% of the total population is over 65 years old. However, households' asset allocation has remained unchanged over the past three decades, and is still heavily tilted toward “low-risk, low-return” bank deposits. As a result, together with the rapid decline of the number of births, there is great concern about whether people are saving enough to finance their long retirement years. The government has implemented various tax policies to correct asset selection during this period, but so far none of them have been successful. On the other hand, tax education has long been offered in schools and has been expanded in recent years. However, little research has been conducted on this subject. Based on the awareness that tax education and tax literacy, which is thought to be raised by tax education, may influence financial behaviors and attitudes through these tax measures, the author conducted an internet survey on his own. Using econometric analyses of the survey results, this study reports the effects of tax education and tax literacy on the Japanese' attitudes and behaviors including asset selection.

**Keywords:** asset allocation; empirical analysis; financial behaviors and attitudes, internet survey; super-aged society