

Japan raises sales tax to 8% amid slowdown concern

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By Deutsche Presse-Agentur

The Japanese government on Tuesday raised sales tax to 8% for the first hike in 17 years, amid growing concern that it could exacerbate an economic slowdown.

The tax was raised from 5%, to help cover the nation's swelling social security costs as the elderly population grows.

Analysts said the hike could make it more difficult to combat longstanding deflation in the world's third-largest economy.

The central bank governor Haruhiko Kuroda said he disagreed with this assessment, stating in March that the "virtuous cycle of economy" of growing production, income and spending would not be interrupted by the sales tax rise.

The decision to increase the tax was taken amid widespread public opposition in 2012 by then-premier Yoshihiko Noda's government, which also said it should rise to 10% in October 2015.

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