

# The Mipro Guide to Starting a Business in Japan

~Preparation for Startup~

外国人のための起業ガイドブック  
(起業準備編)



## To readers of this guidebook

*The MIPRO Guide to Starting a Business in Japan* describes what foreign nationals need to know to start a business in Japan as a corporate manager (business owner). It comprises eight titles by theme: “Preparation for Startup,” “Startup Q&A,” “Status of Residence,” “Obtaining Authorization,” “Drawing up a Business Plan,” “Tax Edition,” “Establishing a Company,” and “Public Insurance and Employment Management.”

This edition on “Preparation for Startup” first explains the status of residence that is needed by foreign nationals to start a business, then outlines the process of establishing a company or office (general flow of the startup process). The subsequent sections describe each of the steps that need to be taken, in chronological order. As you proceed through this edition, please refer to the other titles of this guidebook series as necessary for more details on each theme.

There are many organizations, institutions and associations that provide startup support in Japan (see “4. Institutions, associations and professionals to consult about starting or managing a business” in “III. Reference Materials on Starting a Business”). Any time you need help, you feel stuck, or you simply want a better idea, use these institutions to your benefit. We hope, by all means, you realize your dream.

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Manufactured Imports and Investment Promotion Organization (MIPRO)  
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# Startup Process (General Flow)

The flow of starting a new business varies according to whether the new business will take the form of a sole proprietorship or a corporate organization. In the case of a corporate organization, the startup process generally proceeds as follows.

## STEP 1

### Verify matters related to your status of residence

Check whether your current status of residence allows you to work or start a business in Japan. If you need to change your status of residence, prepare to apply at the Immigration Services Agency. The procedure for starting a new business in Japan varies according to whether you have a status of residence, your current status of residence, and the activities that are permitted within the scope of each status of residence.

## STEP 2

### Give shape to your idea

Build on the idea you have in mind from the perspective of “*what* you wish to provide to *whom*, and *how*” (develop a business concept), and explore its feasibility as a business.

## STEP 3

### Create a business plan

Based on the business concept you developed in step 2, carry out market research, a survey of competitors, a SWOT analysis, and other such research, and formulate a business plan.

## STEP 4

### Register your company and start your business

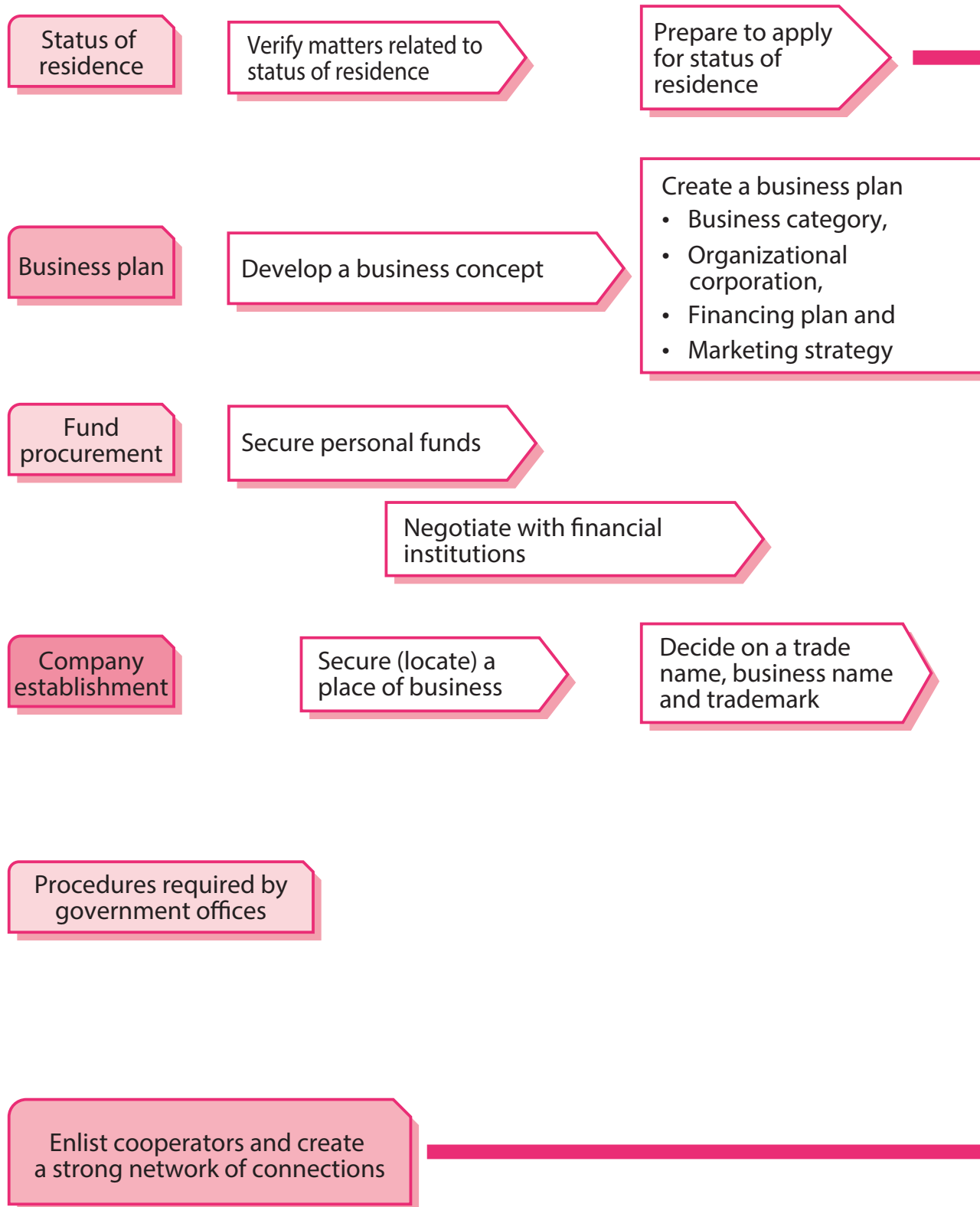
After your articles of incorporation have been notarized, you have deposited the required capital, registered your company, and have thus established your company, you are ready to start your business. Within the specified period, file a notification of incorporation (in the case of a sole proprietorship, file a notification of starting a business) along with other required documents to relevant tax affairs offices. If you will be employing people, you also need to file specified notifications to relevant employment and social insurance offices.

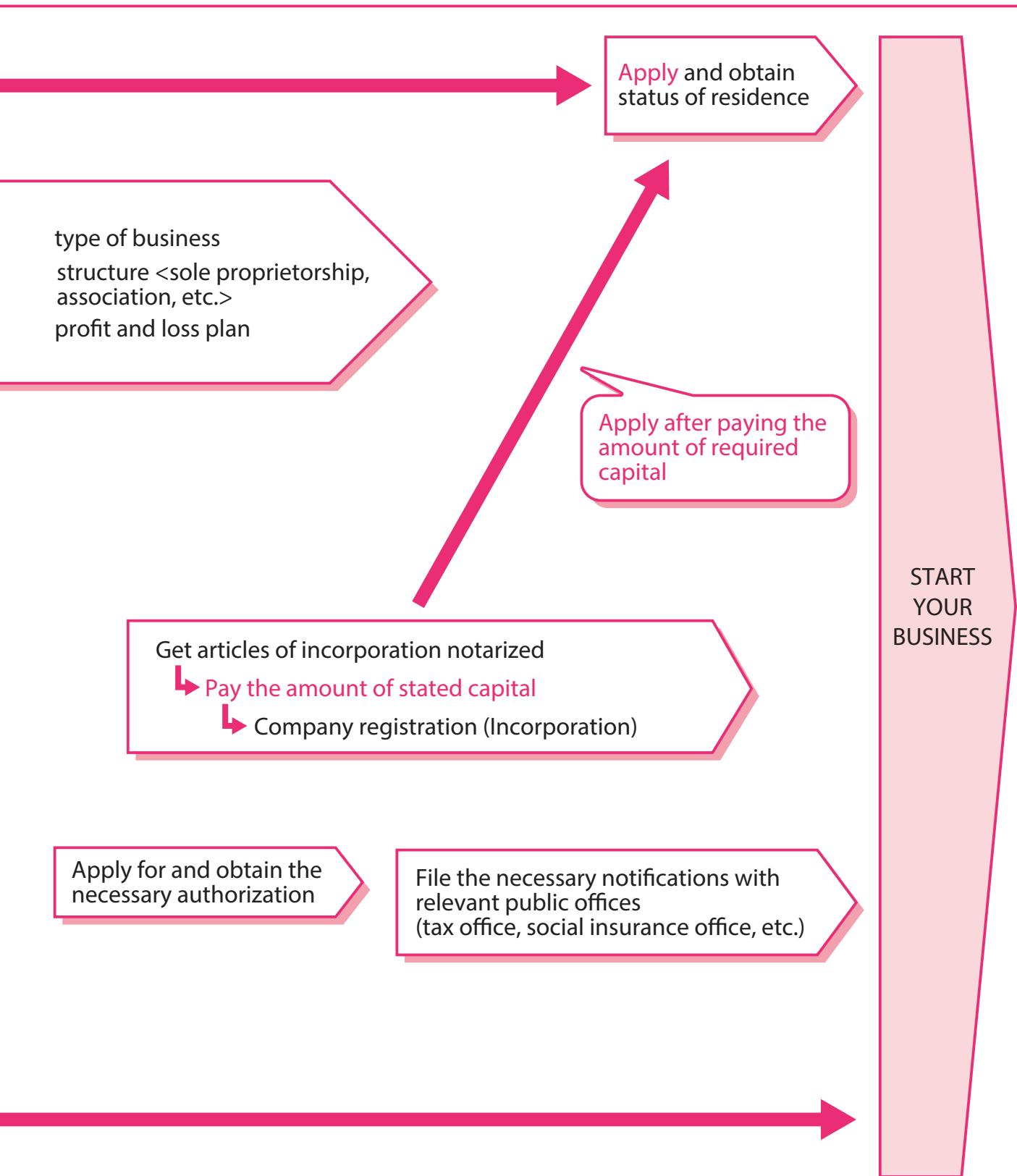
In addition to the above, if your business requires permission, authorization, notification, registration or a license under relevant laws and regulations, apply at the prefectural office, municipal office, public health center, police station, or other administrative agency, as necessary.\*

\* For some types of authorization, applications and notifications need to be filed before establishing a company or starting a business. Consult with a competent administrative agency or other relevant institution as necessary as you proceed with your startup. It is a good idea to promptly address each requirement as soon as preparations are complete, as some applications may take time to be processed.

The startup process can be summarized as shown below, by item in chronological order.

**Figure 1** Startup timetable







## Procedures for Starting a Business

### Developing an Overall Vision

#### 1 Verify matters related to status of residence

Foreign nationals planning to start a business in Japan fall under one of the two categories described below. Since this guidebook pertains especially to foreign nationals who plan to start and manage a business on their own, the status of residence of “Business Manager” will be assumed in both cases.

##### (1) Foreign nationals residing in Japan who already have a status of residence of one type or other

- a. “Permanent Resident,” “Spouse or Child of Japanese National,” “Spouse or Child of Permanent Resident,” “Long-term Resident”

These statuses of residence place no restrictions on work activities, so foreign nationals who have this status of residence do not need to change their status to start a business in Japan.

- b. “Business Manager”

This is a status of residence for foreign nationals who are business managers, including those who plan to start a business and engage in business activities as a corporate manager.

- c. “Highly Skilled Professional”

Foreign nationals who have this status of residence may start a business associated with a principal activity, and they themselves may manage that business within its permitted scope.

- d. “Startup Visa” (Designated Activities)

“Designated foreign entrepreneurs” who do not satisfy the requirements for the status of residence of “Business Manager” may still enter and reside in Japan for up to a year to engage in startup preparation activities, by passing a screening by the local government where they plan to locate their business and the Immigration Services Agency.

- e. Statuses of residence other than the above

Foreign nationals having a status of residence other than the above who attempt to start a business in Japan without changing their status will be considered to be in violation of the law by engaging in an activity outside the scope of their status. To start a business in Japan, an application for a change of status of residence should be made to promptly obtain a proper status of residence.

##### (2) Foreign nationals acquiring a status of residence anew

To start a business in Japan, foreign nationals who fall under this category need to acquire a status of residence which matches their purpose and which they are qualified to obtain, from among the statuses listed in section (1) above. For foreign nationals residing overseas, the procedure for applying for landing permission with the objective of starting a business in Japan varies depending on whether they have a “Certificate of eligibility for resident status.” For details, refer to Figure 4 (Flow of Landing Permission Procedures) on page 9 of the “Status of Residence” edition of this guidebook series.

<Contacts for inquiries about status of residence>

**Tokyo Regional Immigration Services Bureau**

[http://www.moj.go.jp/isa/support/fresc/fresc\\_2.1.html](http://www.moj.go.jp/isa/support/fresc/fresc_2.1.html)

TEL: 03-5363-3025 (for making a reservation)

Online reservation form

(Japanese) <https://www12.webcas.net/form/pub/fresc/yoyaku-jpn>

(English) <https://www12.webcas.net/form/pub/fresc/yoyaku-eng>

**FRESC : Foreign Residents Support Centre**

Yotsuya Tower 13F, 1-6-1 Yotsuya, Shinjuku-ku, Tokyo 160-0004 Japan

<http://www.moj.go.jp/isa/support/fresc/fresc01.html>

<https://www.moj.go.jp/isa/content/930006274.pdf>

TEL: 03-5363-3013 Phone (via Navi-Dial nationwide service): 0570-011000

Supported languages: Japanese, English, Chinese, Korean, Vietnamese, Burmese, etc.

**Immigration Information Center, Tokyo Regional Immigration Services Bureau**

<http://www.moj.go.jp/isa/consultation/center/index.html>

<https://www.isa.go.jp/en/index.html>

TEL: 03-5796-7112 TEL (via Navi-Dial nationwide service): 0570-013904

Located in 11 prefectures throughout Japan

## 2

### Develop a business concept

After you come up with a business idea, examine the feasibility of the idea and develop a business concept. The concept should define the following three elements.

- 1) *Who* to sell to (who are your customers?)
- 2) *What* to sell (what kind of products or services will you provide?)
- 3) *How* to sell your products/services (how will you address customer needs?)

Of these three elements, the third will allow you to most differentiate your business from your competitors. “*What* to sell” is certainly important, moreover “*How* to sell” is an element that has extensive room for creativity. Keep your business concept simple and concise, however, as it will serve as a compass to direct your business into the future.



## 3

## Secure personal funds

Funds needed to start a business can be roughly divided into “startup capital,” “working capital,” and “immediate living expenses.” Both sole proprietorships and corporations frequently experience difficulty in receiving loans from private financial institutions, because they have small collateral value at the time of startup. Even if you are considering using public financing, it would be best to secure as much personal funds as possible.

In most cases, foreign nationals planning to invest and engage in business in Japan need to obtain the status of residence of “Business Manager,” but to obtain this status, they are required to invest a sizable amount of money (a capital of 5 million yen or more, or a corresponding amount) in compliance with standards specified by ministerial ordinance based on the Immigration Control and Refugee Recognition Act.

Therefore, as soon as you decide to start a business, you should steadily save up personal funds. As a rough estimate, you should prepare an amount equal to 30 to 50 percent of the total amount of startup capital you will need. Creditworthiness is difficult to establish at the outset of starting a business, but having a large proportion of personal funds will generally work to your advantage not only when you borrow funds from financial institutions, but also when you are screened as a potential tenant of an office or real estate property.\*

\* In screening applicants for the status of residence of “Business Manager,” loans from family members are recognized as an investment toward the amount of required capital of 5 million yen or more. However, when procuring funds from financial institutions, such as through startup loans, loans from family members are generally not recognized as constituting a personal fund, as a rule. If so, the amount of loan you are able to receive may change and your financing plan may go wrong. Thus, it is essential to have a sufficient amount of personal funds in this regard.

According to the “FY2020 Survey of Business Startups” (Japan Finance Corporation), personal funds and loans from financial institutions together accounted for 91.4% of the total amount of 11.94 million yen in funds procured by new startups. Of this figure, personal funds accounting for an average of 2.66 million yen (22.3% of the average amount of funds procured) and loans from financial institutions accounting for an average of 8.25 million yen (69.1% of the average amount of funds procured).

**Figure 2** Distribution of startup costs

|   | 2018  | 2019  | 2020  |
|---|-------|-------|-------|
| 20 million yen or more                      | 12.1% | 11.5% | 10.8% |
| 10 million or more and less than 20 million | 19.5% | 20.6% | 18.2% |
| 5 million or more and less than 10 million  | 31.0% | 27.8% | 27.3% |
| Less than 5 million                         | 37.4% | 40.1% | 43.7% |

(Note) The survey was conducted in July 2020 on 5,176 companies that received a loan from Japan Finance Corporation's Micro Business and Individual Unit between April and September 2019, within a year of starting business (excluding real estate leasing businesses). Responses were obtained from 1,597 companies (30.9% response rate), including 61.6% sole proprietorships and 38.4% corporate enterprises, in terms of management structure (at the time of startup).

**Source** ▶ “FY2020 Survey of Business Startups” Japan Finance Corporation  
[https://www.jfc.go.jp/n/findings/pdf/topics\\_201119\\_1.pdf](https://www.jfc.go.jp/n/findings/pdf/topics_201119_1.pdf)

**Figure 3** Example of startup costs

1. Snack manufacturing and sales store  
approx. 66m<sup>2</sup> large

| Item                              | Amount            |
|-----------------------------------|-------------------|
| Store rent                        | ¥3,000,000        |
| Interior finishing                | ¥1,500,000        |
| Furniture, fixtures and equipment | ¥3,000,000        |
| Advertising expenses              | ¥500,000          |
| Training and education expenses   | ¥300,000          |
| Other                             | ¥100,000          |
| <b>Total</b>                      | <b>¥8,400,000</b> |

2. Select bookshop 66m<sup>2</sup> large

| Item                              | Amount             |
|-----------------------------------|--------------------|
| Initial investment in store       | ¥2,600,000         |
| Vehicle and transport equipment   | ¥750,000           |
| Product procurement expenses      | ¥7,000,000         |
| Furniture, fixtures and equipment | ¥12,500,000        |
| Advertising expenses              | ¥500,000           |
| Other                             | ¥150,000           |
| <b>Total</b>                      | <b>¥23,500,000</b> |

**Source** ▶ “Startup Guide by Industry / J-Net”  
Organization for Small & Medium Enterprises and Regional Innovation, Japan  
<https://j-net21.smrj.go.jp/startup/guide/index.html>

### Related knowledge

When foreign nationals wish to start a business in Japan, their source of investment is not questioned if they are a “Permanent Resident” or “Long-term Resident,” or if they have a status of residence that places no restrictions on work activities. However, foreign nationals with a status of residence other than the above must reveal their source of investment when they are screened for a change in status of residence to “Business Manager.”

Particularly if a foreign student makes a large investment to start a business in Japan, their source of funds becomes an important basis of judgment in the screening for a change in status of residence, from the perspective of whether they have engaged in activities outside the scope of their status of residence as “Student.” Even students who have obtained permission to engage in activities outside the scope of their status of residence may only engage in a maximum of 28 hours per week of part-time work. Therefore, if they are deemed to have procured an amount of investment capital that cannot normally be obtained within their allowed hours of work, they must be able to give a rational explanation, such as that the money was provided as “financial support” from their parents, for example.

## 4

## Enlist cooperators and create a strong network of connections

Once you make up your mind to start a business and define a general direction of your business, make maximum use of the network of connections you have made thus far to enlist cooperators who will help you in realizing a smooth startup. Cooperators are not necessarily people who will have a direct part in your business. Use the network of connections you have with people who could provide you with relevant information and advice.

Q

I am looking for investors and business partners who will invest in my business, and am seeking opportunities to have my business plan be heard by potential investors and business partners. I also wish to know about exchange meetings, seminars and other such events that are hosted by public institutions.

A<sub>1</sub>

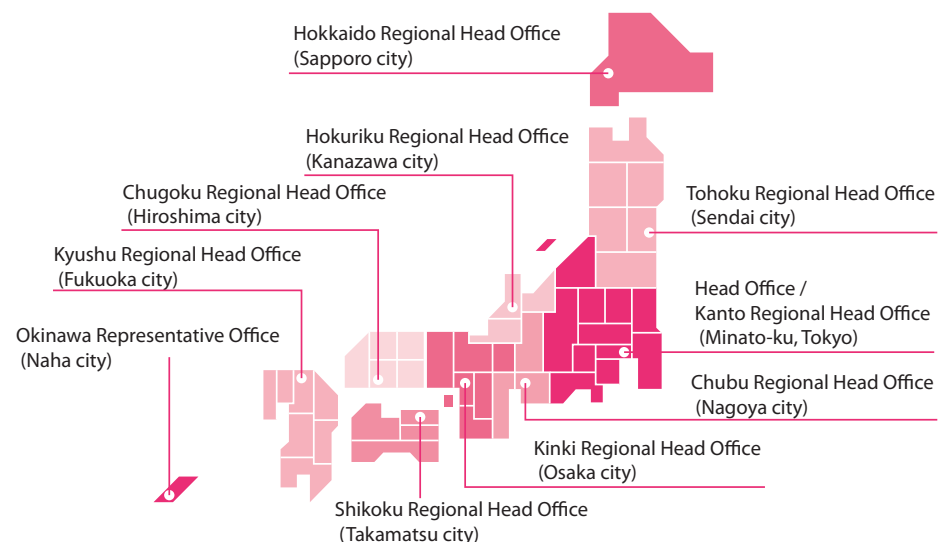
“Venture Plazas” are held throughout Japan as events where venture companies can encounter potential investors and business partners. At these events, businesses present their business plans and are introduced to investors and business partners based on their plans. Inquire with the following for details on participating in a Venture Plaza event.

Inquiries: Start-up and Venture Support Division, Business Support Department, Organization for Small & Medium Enterprises and Regional Innovation, Japan  
TEL : 03-5470-1574

Business Support Division in each Regional Head Office

[https://www.smrj.go.jp/regional\\_hq/index.html](https://www.smrj.go.jp/regional_hq/index.html)

<https://www.smrj.go.jp/english/about/network.html>



# A<sub>2</sub> |

Services related to starting a business are provided by local governments and various other organizations.

## **Tokyo Startup Station**

<https://startup-station.jp/>

Tokyo Startup Station is a comprehensive startup support center operated by the Tokyo Metropolitan Small and Medium Enterprise Support Center. It offers a variety of services that facilitate startups by people who live in Tokyo or who plan to start a business in Tokyo (talk events on starting a business, startup workshops, skills improvement seminars, provision of advice on marketing strategies and formulating business plans, consultation by lawyers, scriveners, and other professionals, etc.).

## **Tokyo One-Stop Business Establishment Center (TOSBEC)**

<https://www.startup-support.metro.tokyo.lg.jp/onestop/jp/>

<https://www.startup-support.metro.tokyo.lg.jp/onestop/en/>

Tokyo One-Stop Business Establishment Center is a facility where all administrative procedures required to establish a company or start a business (notarization of the articles of incorporation, company registration, tax matters, pension and social insurance matters, immigration matters) can be made in one place. In addition to offering free advice on business startup procedures, advisors dispatched from governmental agencies provide support up to the receiving of application forms. Foreign entrepreneurs will also find the center useful, as it caters to electronic applications and offers multilanguage translation services. Offices are located in Akasaka, Shibuya and Marunouchi.

## **SME 119**

<https://chusho119.go.jp/>

SME 119 is a service where entrepreneurs can request the support of registered experts to help them solve any problems and issues they face (e.g.: “I want to start a new business but don't know where to begin” “How do I procure funds?” “I wish to also do business with overseas customers but don't have a track record” “I want to expand my sales channels using IT” “I wish to utilize the IT introduction subsidy to introduce IT tools”).

## **Startup cafes, etc.**

Throughout Japan, local governments and organizations entrusted by local governments provide forums for startup assistance, called by such names as “startup cafes” and “startup labs.” They offer seminars and events on starting a business, free counseling with relevant professionals on issues entrepreneurs face at different stages in the startup process, among other such forms of support. Inquire with your local government and use these forums to your advantage. Below are just some such forums located across the country.

Okinawa: “Startup Lab Lagoon”

<https://lagoon-koza.org/>

<https://lagoon-koza.org/english-page>

Fukuoka: “STARTUP CAFE”

<https://startupcafe.jp/>

<https://startupcafe.jp/en/top-en/>

Okayama: “MOMOTARO STARTUP CAFE”

<https://momosta.com/startup>

Osaka: “STARTUP CAFE OSAKA”

<https://startupcafe-ku.osaka/about/>

Tokyo (Shibuya): “Shibuya Startup Support”

<https://shibuya-startup-support.jp/jp/>

<https://shibuya-startup-support.jp/>

In addition to the above, chambers of commerce and industry in each region also host startup workshops and other similar events where participants can obtain knowledge needed to start a business, such as by attending lectures on startup procedures, marketing, funds procurement, and tax strategies, and listening to entrepreneurs share their startup experience. By all means, look for and attend an event that suits your purpose. You may encounter people with the same aspirations as you and perhaps be able to create a network of connections that could be helpful before and after you start a business. Another good point about such events hosted by public institutions is that they do not cost much to attend.

## Planning the Details

### 5 Formulate a marketing strategy

Formulate a marketing strategy by carrying out an analysis of your marketing environment and an analysis of the management resources of your company (SWOT analysis).

**Figure 4** Framework of a SWOT analysis

|               | Strengths  | Weaknesses  |
|---------------|--|---|
| Opportunities | Strategy to seize market opportunities and exhibit the strengths of your company | Strategy to seize market opportunities by conquering the weaknesses of your company |
| Threats       | Strategy to overcome market threats by leveraging the strengths of your company  | Strategy to confront market threats by conquering the weaknesses of your company    |

Once you have identified the strengths, weaknesses, opportunities, and threats of your company, define your business domain and explore marketing strategies in that domain.

**Figure 5** From carrying out a SWOT analysis to formulating a strategy



**6****Formulate a financing plan and a profit and loss plan**

Even if you have an idea and you also have human resources, you cannot commercialize that idea without funds (compared to ideas and human resources, it generally costs more to procure goods and services). You also need to create a financing plan and profit and loss plan carefully, so you do not lose business opportunities due to a lack of capital after commercialization.

For details, see “3) Startup financing plan” on p.16 and “4) Profit and loss plan” on p.19.

**7****Secure (locate) a place of business**

Under the standards specified by ministerial ordinance based on the Immigration Control and Refugee Recognition Act, activities permitted under the scope of the status of residence of “Business Manager” are premised on having an office and engaging in business both in Japan. In other words, when foreign nationals start a business in Japan, they must provide evidence that they have an office that is to be used by their company, such as by means of a lease agreement or other document. Furthermore, the office that is to be used exclusively for the business, outfitted with telephones, copy machines, personal computers and other equipment normally indispensable for conducting business, must be located in Japan. Therefore, as soon as you decide to start a business in Japan, you should secure a place of business.

You could perhaps lease a property that is temporarily made available as an office to support business startups. Invest Japan Business Support Center (IBSC) operated by Japan External Trade Organization (JETRO) offers such properties, and there are also incubation offices that provide a temporary address or office. Although it depends on your business category and type of business, such offices are regarded as satisfying the requirements prescribed in the ministerial ordinance that provides standards based on the Immigration Control and Refugee Recognition Act, under certain conditions.

**Reference**

Invest Japan Business Support Center (IBSC)

[https://www.jetro.go.jp/invest/jetros\\_support/ibsc/](https://www.jetro.go.jp/invest/jetros_support/ibsc/)

<https://www.jetro.go.jp/en/invest/>

## 8

## Formulate a business plan (Business category, type of business, organizational structure, etc.)

Once you have a clear idea of how you will procure funds and you have a good prospect of realizing your business, you need to formulate a business plan. A business plan outlines the concrete actions that need to be taken to realize your idea; it gives specific shape to your vision.

## (1) Formulation of a business plan

**Figure 6** Example of items to consider when formulating a business plan

|  |  |
|--|--|
| <p>&lt;Management team&gt;</p> <p>Business owner:<br/>Will there be joint investors?<br/>Manager:<br/>Will there be managing partners?</p>   | <p>&lt;People&gt; &lt;Personnel&gt;</p> <ul style="list-style-type: none"> <li>· Will there be partners?</li> <li>· How many employees (regular employees, part-time employees, temporary workers) are needed?</li> </ul> <p>&lt;Qualification&gt;</p> <ul style="list-style-type: none"> <li>· Does everyone satisfy the required qualification and requirements? Does a reason for disqualification apply to anyone? etc.</li> </ul> |
| <p>&lt;Money&gt;</p> <ul style="list-style-type: none"> <li>· Initial equipment funds</li> <li>· Monthly operating funds</li> <li>· Personal funds</li> <li>· Financial assistance from family, etc.</li> <li>· Borrowable amount from financial institutions</li> </ul> | <p>&lt;Goods and services&gt;</p> <ul style="list-style-type: none"> <li>· Is a store or facility (office, factory, etc.) necessary?</li> <li>· What facilities, materials, equipment are needed?</li> <li>· Are the necessary conditions and requirements satisfied (by the facility, etc.)?</li> <li>· Is renovation needed? etc.</li> </ul>   |

A business plan normally consists of four elements: “business concept,” “business activities,” “startup financing plan,” and “profit and loss plan.” It not only serves as a compass to guide you as you pursue your business; if you are applying for the status of residence of “Business Manager” to start a business in Japan, it is an important element for judging whether your business satisfies the important requirement of business continuity. When starting a new business, your business plan must be specific, reasonable, and feasible.\* If your business is presumed to fall through during your period of residence in Japan, you will not be granted the status of residence of “Business Manager.”

\* The continuity and stability of your business plan is not simply determined by your amount of stated capital, but comprehensively by also taking into consideration the revenue, profit rate, number of employees, and office situation of your business. You should create a business plan not only for your startup year, but for several years thereafter, and attach a trial balance sheet created by a professional such as a tax accountant or a small and medium enterprise management consultant.

Business plans also play an important role in judging your creditworthiness when you apply for a loan from a financial institution.\* Thus, you should draw up an objective and convincing business plan that any third party would easily understand and agree with. For reference, details on items to include in the business plan are outlined later under p.39, “**2** Business startup plan (example).”

\* Generally, it can be said that the higher the degree of completion of a business plan (the uniqueness, feasibility, certainty, profitability, continuity and other such features are presented in a convincing manner), the greater the rate of receiving not only loans from financial institutions, but also investments from other institutions and subsidies and grants from national and local governments.



### 1) Business concept

|  |
|--|
| 1. Motivation for starting your business: Why do you want to start your business?  |
| 2. Overview of your business: What are your products or services?<br>To whom will you be providing them to?<br>How will you be providing them? |
| 3. Market environment: Political, economic and social situations, market size, competitor status, regulations, etc.                            |
| 4. Goal: How do you wish to grow your business?  |
| 5. Obstacles and issues in achieving your goal   |
| 6. Responses and measures  |

### 2) Business activities

Items to include in a business plan vary according to business category and type of business (below is an example of a sales business).

|  |
|--|
| 1. Specific activities of your business: Elaborate on the “overview of your business” you defined in item 2 above in your business concept.  |
| 2. Selling points: Points that would give you leverage in the market against competitors, differences compared to other companies in the same business, differentiation strategies, etc. |
| 3. Purchasing plan: Can you procure the necessary quantity in a stable manner? Do you have alternative suppliers? etc.   |
| 4. Sales plan: Business area, envisioned number of customers, average spending per customer, sales prospects, etc.   |
| 5. Facility/equipment plan: (Store) Region/location of store, rent<br>(Facility) Procurement method (new purchase or lease?), interior renovation work, etc.                             |
| 6. Personnel plan: Method of acquiring the necessary manpower, etc.  |

### 3) Startup financing plan

To start a business, you will need equipment funds (funds to secure a store and procure the necessary facilities and equipment) and operating funds (for expenses such as the cost of purchasing products, salaries, advertising expenses, and lease fees, immediate cash on hand, etc.). Calculate specific figures for each expense item in reference to real estate property information, estimates from multiple vendors, and other such documents. After you gain an overall estimate of the funds you will need, proceed to creating a financing plan that includes how you will procure those funds.

**Figure 7** Startup financing plan

| Necessary funds  |        | Procurement method  |        |
|--|--------|---|--------|
| Item   | Amount | Item  | Amount |
| <Equipment funds><br>1. Store, factory, etc.<br>(Breakdown) xxx<br>xxx<br>xxx<br>2. Facilities and equipment, etc.<br>(Breakdown) xxx<br>xxx<br>xxx  |        | <Personal funds><br><br><Loans> (note 1)<br>1. Loans from parents, other family members, relatives, acquaintances, friends, etc.<br>(Breakdown & repayment method)<br><br>2. Loans from Japan Finance Corporation (note 2)<br>(Breakdown & repayment method)<br><br>3. Loans from private financial institutions (note 3)<br>(Breakdown & repayment method) |        |
| <Operating funds><br>(Costs of purchasing the necessary products for starting a business, payment of salaries, payment of expenses, immediate cash on hand, etc.)<br>(Breakdown) xxx<br>xxx<br>xxx |        |   |        |
| Total Amount   |        | Total Amount  |        |

(Note 1) Lenders can be grouped into three categories: (1) Parents and other family members, relatives, acquaintances, friends, etc. (2) Japan Finance Corporation and (3) private financial institutions. Generally, it becomes more difficult to receive loans in the order of (1) → (2) → (3). Private financial institutions frequently require collateral such as real estate. Therefore, at the time of startup, you should make full use of startup support loans offered by governmental financial institutions and local governments.

(Note 2) Loans from Japan Finance Corporation require collateral or a guarantor as a rule, but some programs offer loans without collateral and without a guarantor. Refer to the following site for details.

Japan Finance Corporation ordinary loans

[https://www.jfc.go.jp/n/finance/search/jiyusij\\_m.html](https://www.jfc.go.jp/n/finance/search/jiyusij_m.html)

(Note 3) If you lack sufficient creditworthiness for a loan from a private financial institution, you might be able to receive a loan guarantee from a credit guarantee association. Refer to the following for details.

Japan Federation of Credit Guarantee Corporations / Your First Loan and Credit Guarantee

<https://www.zensinhoren.or.jp/basic/>

<https://www.zensinhoren.or.jp/english/>

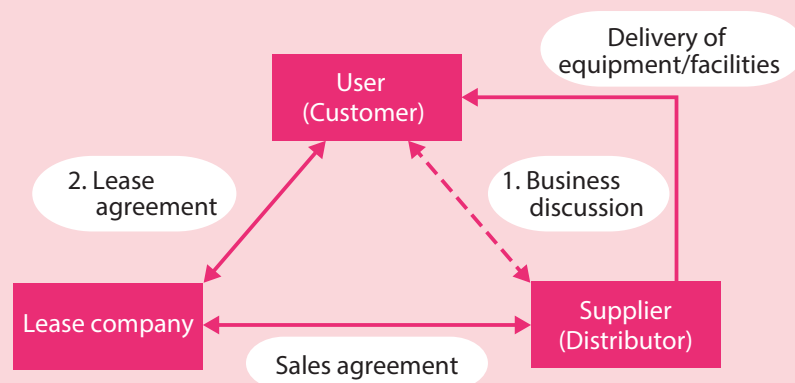
## Related knowledge

### “Leasing as a form of fund procurement”

If you do not have a large sum of funds, leasing will allow you to install the necessary facilities and equipment by paying a certain monthly lease fee, with the property that you lease as collateral. Therefore, even companies that face difficulty in receiving a bank loan would probably find this system easy to use. Leasing also has the following advantages. (Note, however, that you should choose the properties you lease carefully particularly if you will be leasing them for a long period of time.)

- (1) Leasing does not require a large sum of money at once.
- (2) Lease fees remain the same over the entire lease period, so it is easy to calculate costs and create future investment plans.
- (3) The total amount of lease fees that you pay during the lease period can be processed as expenses over the term approved by the tax system.
- (4) Computers, communications equipment, and other such devices that become outdated at a fast rate can be replaced with the latest devices efficiently.

**Figure 8** How leasing works



**Source** ▶ Information pamphlet on small leases “How to use small leases without worry – Points on preventing trouble” Japan Leasing Association  
<https://www.leasing.or.jp/leases/docs/keihatupam.pdf>  
Lease Contract  
<https://www.leasing.or.jp/english/studies/contract.html>

#### 4) Profit and loss plan

To gain a prospect on your business after startup, you need to create a profit and loss plan and calculate your income and expenditure. There are apt to be many uncertain elements at the time of startup, so it is a good idea to create a plan divided into the initial startup period and the period after your business gets on track.

**Figure 9** Profit and loss plan (monthly)

(Unit: ten thousands of yen)

|   |   | Initial startup period | Period after business gets on track<br>around (mm) (yy) | Remarks |
|---|---|------------------------|---|---------|
| Sales volume                                |   | ①                      |   |         |
| Cost of sales                               |   | ②                      |   |         |
| Gross profit (①-②)                          |   | ③                      |   |         |
| Ratio of gross profit to sales<br>(③/①×100) |   |                        |   |         |
| Expenses                                    | Personnel expenses                            |                        |   |         |
|   | Interest expenses                             |                        |   |         |
|   | Depreciation                                  | ④                      |   |         |
|   | Other (rent, utilities, lease expenses, etc.) |                        |   |         |
| Total expenses                              |   | ⑤                      |   |         |
| Profit (③-⑤)                                |   | ⑥                      |   |         |
| Repayable amount (⑥+④)                      |   | ⑦                      |   |         |
| Repayment of debt                           |   | ⑧                      |   |         |

The concept of “salary” does not exist for sole proprietorships, so the money used by sole proprietors may not be recorded as an expense under the name of “salary.” In the case of sole proprietorships, “income after tax” becomes the proprietor's compensation, to be taken from the profit (⑥ above). In the case of corporations, the compensation of the corporate manager may be recorded as an expense.

Depreciation is an expense that is not accompanied by a disbursement of cash. The amount of money corresponding to the depreciation for each term is internally accumulated, and may be allocated as a source of fund for the repayment of debts (debt repayment source = depreciation + profit after tax). Profit and loss should be planned so that “repayment of debt” (⑧ above) is lower than “repayable amount” (⑦ above).

Prospective income and expenditure

= Repayable amount – Repayment of principal – (household expenses in the case of sole proprietorships)

When starting a business, you need to gain a general idea of the amount of profit you will be aiming to achieve and the necessary sales volume to secure that profit, in consideration of your own compensation (household expenses if you are a sole proprietorship), employee salaries, personnel expenses, office expenses, and repayments, among others.

Total estimated expenses + Target profit  
= Necessary sales volume × Ratio of gross profit to sales

The following equation can be derived from the above:

Necessary sales volume = (Total estimated expenses + Target profit) / Ratio of gross profit to sales

If the necessary sales volume calculated using the above equation exceeds your prospective sales volume, you need to review your investment plan and pro it and loss plan by (a) reducing your investment amount, (b) expanding your personal funds, (c) securing a loan with a lower interest rate, (d) reducing expenses, or other such means. When doing so, it would be wise to avoid making any upward revision of prospected sales volume unless you have a clear prospect.

## **(2) Deciding on a business structure**

There are mainly two types of business structures—sole proprietorships and corporations. Which you choose should be based on the category, type, size, future prospects of your business, and other such elements. You could also choose to start as a sole proprietorship, then transform to a corporation (incorporation) when the right opportunity arises. Starting as a sole proprietorship can save you the time, cost and expenses of going through legal procedures such as for registration. The characteristics of the two types of business structures are shown below (details on types of corporations and establishment procedures will be provided later).

**Figure 10** Characteristics of sole proprietorships and corporations

|   | Sole proprietorship  | Corporation   |
|---|--|---|
| Startup procedures  | A notification of starting a business simply needs to be filed with the tax office.<br>Startup is relatively easy (note 1).  | In addition to filing a notification of incorporation, the procedures for registration of incorporation must be completed.<br>Startup takes time and money (note 2).      |
| Cost of startup procedures                                      | Hardly any cost is involved.   |   |
| Social credibility, collection of funds                         | Loans from financial institutions are difficult to obtain, and various disadvantages are faced in business transactions compared to corporations.  | Loans from financial institutions are easier to obtain, greater advantages are enjoyed compared to sole proprietorships.  |
| Business activities   | No restrictions, in principle.<br>Changes may be made after startup (change of business, withdrawal, etc.), as desired.  | Activities are restricted to those specified in the articles of incorporation.  |
| Scope of responsibility of investors                            | The business owner bears full responsibility (for both achievements and failures).   | The assets of the corporation and individuals are separate, and investors bear responsibility within the scope corresponding to their share of investment (note 3).       |
| Compensation  | The profits of the business equal the business owner's compensation.   | Compensation is paid as salary (note 4).  |
| Difficulty of account processing                                | The preparation of account ledgers and financial statements is relatively easy (simplified bookkeeping suffices).  | Account ledgers must be prepared accurately in compliance with certain requirements.  |
| Taxation differences  | Compared to corporations, tax amounts may be curbed if income is low.  | Compared to sole proprietorships, expense items are wider ranging and can bring tax advantages. If income becomes high, tax can be curbed more than sole proprietorships. |
| Transfer of funds between business funds and household expenses | Flexible (personal household expenses may be transferred from business funds with a large degree of flexibility)   | No (transfer of funds is not allowed)   |
| Social insurance (note 5)                                       | Businesses must enroll in National Health Insurance and the National Pension System (the business owner may not enroll in government-managed health insurance or welfare pension insurance). | Members of the board, as a rule, enroll in government-managed health insurance and welfare pension insurance.   |
| Securing personnel  | Personnel are generally difficult to secure, although it depends on the welfare environment of the business.   | Personnel can be more easily secured compared to sole proprietorships, because corporations are required to provide social insurance and labor insurance.                 |

(Note 1) Sole proprietorships that do not file a notification of starting a business will face various inconveniences and disadvantages. For example, they cannot (1) receive special deduction under the blue tax return, (2) open a bank account in the trade name of their business, or (3) enroll in the small enterprise mutual aid plan (Corporate employees who wish to start a business as a side job must also file the notification if they plan to conduct their business on a continuous basis). There is no penalty for not filing the notification, but filing the notification is a requirement.

(Note 2) Statutory costs related to establishing a company (in the case of a stock company (Kabushiki-Kaisha) with a capital of 10 million yen)  
 Fee for notarization of the articles of incorporation: 50,000 yen  
 Revenue stamp fee: 40,000 yen (not required for electronic articles of incorporation)  
 Fee for obtaining a copy of the articles of incorporation: 250 yen/page × no. of pages (required for registration of incorporation)  
 Registration and license tax: 150,000 yen (required at the time of registration of incorporation)

- (Note 3) Provided that, if the representative is a joint guarantor, he/she bears responsibility as a guarantor. Additionally, in a general partnership company (Gomei-Kaisha) or limited partnership company (Goshi-Kaisha), members with unlimited liability have the responsibility to repay the company's debts regardless of their amount of investment.
- (Note 4) Compensations to board members may be recorded under expenses as personnel expenses. (Reference: Unlike corporations, a sole proprietor's compensation may not be recorded as an expense.)
- (Note 5) Board members of a corporation, or sole proprietorships employing five or more employees, must enroll in health insurance or welfare pension insurance, as a rule, if they receive compensation for their service (they must also enroll in long-term care insurance if they are ages 40 to 64.)

## Related knowledge

### **The status of residence of “Business Manager” and onsite operations**

In the case of “one-person companies” in which a single person invests and starts a business in Japan and engages in the business alone, the person having the status of residence of “Business Manager” necessarily undertakes multiple roles, but it should be noted that their principal duty must be to engage in activities as a business manager. For example, say a chef-owner of a restaurant who has the status of residence of “Business Manager” engages in cooking operations. Cooking would not be regarded as an activity outside the scope of his status of residence if he continues to engage in it as a secondary activity. However, since his main activity is to engage in business as a business manager as defined by his status of residence, he may be judged as not satisfying the requirements of his status of residence unless he employs a cook to work at his restaurant. This is because in a restaurant where the owner is the chef, the owner is apt to spend most of the day attending to his activities as a chef and not as a manager. The number of cooks he needs depends on the size of his restaurant. The same is true of owners of barbershops, beauty salons, nail salons and the like.

## Establishment Procedures, Startup Preparation

### 9

## Decide on a trade name, business name and trademark

Decide on a trade name, business name, and trademark for your company, as necessary.

### 1) Trade name (yago)

Trade names are names by which sole proprietorships conduct business (such as Office ABC, XYZ Planning Company, etc.). It corresponds to the company name in the case of corporations. Sole proprietorships may give their company any desired trade name, but the name does not have any legal effect. Unlike business names that registered corporations are required to register, sole proprietorships may choose not to have a trade name. At the same time, however, sole proprietorships that have a trade name are more likely to gain trust, because only businesses that officially file a notification of starting a business as a sole proprietorship to the tax office may possess a trade name (the “trade name” field on the notification may be left blank). Having a trade name is also convenient to business owners who wish to manage their business funds and personal money separately, because they can open an account at a financial institution under a name that combines their trade name and personal name (bank accounts for sole proprietorships cannot be opened under their trade name alone).

### 2) Business name (shogo)

Business names are official names of companies registered with the Legal Affairs Bureau. Stock companies (Kabushiki-Kaisha) are required to have and register a business name. Sole proprietorships, on the other hand, are free to choose whether or not to use a business name or to register that business name. A business name cannot be registered if another company in the registry already uses that name at the same address (Commercial Registration Act, Article 27). Thus, you need to conduct a prior business name search at the competent Legal Affairs Bureau before registering your company.\*

\* A search of business names can be performed easily by using the Ministry of Justice's online registration information search service.

“Business Name Search Using the Online Registered Information Search Service” Ministry of Justice

[http://www.moj.go.jp/MINJI/minji06\\_00076.html](http://www.moj.go.jp/MINJI/minji06_00076.html)

### 3) Trademark (shohyo)

Trademarks are symbols (identification marks) that businesses use to distinguish their products and services from other businesses (companies). Such marks and names of products and services are protected as assets by an intellectual property right called trademark right.

There are mainly two benefits of acquiring a trademark right.

- (1) You can continue to use the trademark as your own without any worry of troubles.
- (2) You can prevent others from using your registered trademark or a similar trademark.

Trademark rights are granted on a first-come-first-served basis. In the case of similar trademarks, the trademark that is filed first is registered first, as a rule. Thus, as soon as you have a trademark you want to use for your products or services, you should promptly file an application for trademark registration.

Inquiries: Planning and Research Office, Trademark Division, Trademark and Customer Relations Department, Japan Patent Office

TEL: 03-3581-1101 Extension: 2805 Fax : 03-3588-8503

<https://www.jpo.go.jp/faq/list.html>



## 10 Apply for and obtain the necessary authorization

To start a business, authorization or a license may be required, depending on your business category. Normally, the necessary procedures are to be made at the competent administrative agency after your registration of incorporation is processed, but for some types of authorization, procedures need to be completed before that. Since it might take time to apply and obtain the necessary authorization, you should check the relevant requirements and procedures in advance and otherwise make preparations by planning backward to make it in time for your scheduled start of business.

**Figure 11** Types of authorization

| Type of authorization | Description  | Where to apply                                       | Relevant businesses                |
|-----------------------|--|--|------------------------------------|
| Notification          | Simply requires certain items to be notified to the relevant administrative agency.  | Public health center                                 | Hairdressing salon, dry cleaning   |
| Registration          | An application must be filed with the relevant administrative agency, and the business registered in a designated register (public record).  | Prefecture, etc.                                     | Travel, Money lending              |
| Permission            | Businesses that are basically not permitted but may operate if an application is filed with the relative administrative agency and a screening is passed.                            | Regional Transport Bureau                            | Taxi                               |
|                       |  | Ministry of Land, Infrastructure and Transport, etc. | Construction                       |
| Approval              | Businesses may operate if an application is filed with the relevant administrative agency and specified requirements are satisfied.  | Public health center                                 | Eating and drinking establishment  |
|                       |  | Prefecture, etc.                                     | Hotel                              |
| License               | Businesses may operate if an individual possessing a designated qualification files an application with the relevant administrative agency and specified requirements are satisfied. | Tax office   | Liquor manufacturing, Liquor sales |
|                       |  | Prefecture, etc.                                     | Real estate                        |

(Note) The application office may differ according to the region where the business will be started.

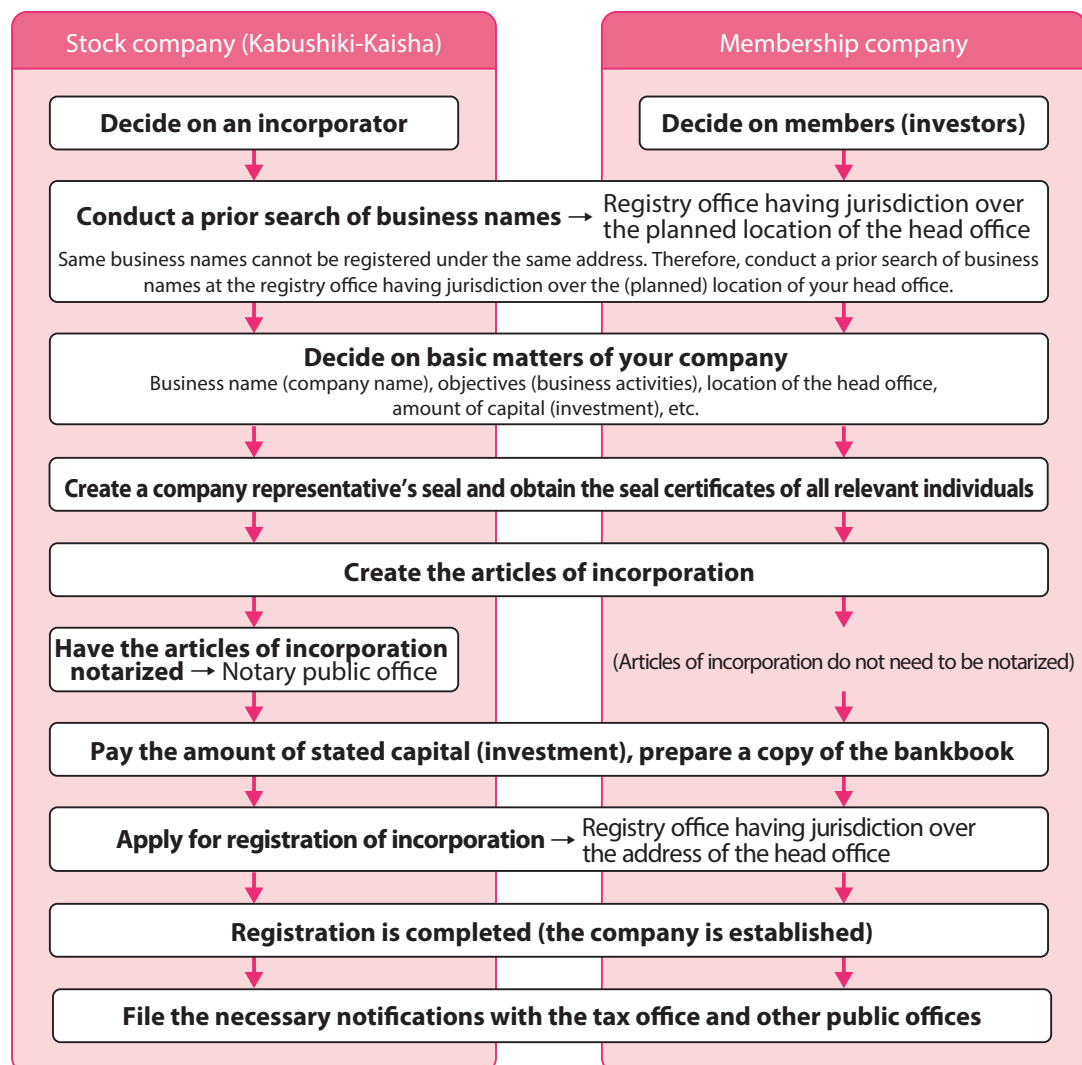
# 11

## Establish your company / Open an office

You are now ready to begin the procedures for starting your business. If you are starting your business as a corporate structure, you need to complete the procedure for establishing a company. At present, there are four corporate structures prescribed by the Companies Act. They include the following: (1) stock company (Kabushiki-Kaisha), (2) limited liability company (Godo-Kaisha), (3) limited partnership company (Goshi-Kaisha), and (4) general partnership company (Gomei-Kaisha). Of these four corporate structures, (2), (3) and (4) are collectively called membership companies. The differences between a stock company (Kabushiki-Kaisha) and membership company lie in their method of funds procurement, size of the company, management method, responsibility of members, among others. Although they are all referred to as “companies,” stock companies (Kabushiki-Kaisha) and membership companies are distinguished from each other because they operate by a completely different system.

Here, particular focus will be placed on the procedure for establishing a stock company (Kabushiki-Kaisha).

**Figure 12** Flow of establishing a company



Source ▶ “FY2020 Startup Guidebook” Tokyo Chamber of Commerce and Industry

### 1) Decide on an incorporator (in the case of a stock company (Kabushiki-Kaisha))

The incorporator is the founder of the business, and becomes a shareholder after establishing the company. If a single individual invests in a business, that investor becomes the incorporator, possessing all shares of the company after its establishment. If multiple people invest in a business, they all become an incorporator, and after establishing their company, they respectively exercise their voting right in proportion to their investment. Incorporators are mainly responsible for engaging in startup preparations, including (1) deciding on the general profile of the company, (2) creating the articles of incorporation, (3) depositing the required capital (investment), and (4) completing incorporation procedures.

### 2) Conduct a prior search of business names

See “ Decide on a trade name, business name, and trademark” on p.23.

### 3) Decide on basic matters of your company

The basic matters of a company comprise the following six minimum required matters that need to be specified in the articles of incorporation and among the registered matters of the company.

#### a) Business name (company name)

A business name may be decided freely within the scope of rules prescribed in the Commercial Registration Act. It is a good idea to decide on a name that gives a general idea of the type and content of the business. When a sole proprietorship is transformed to a corporation, it may continue to use its trade name as a business name.

#### b) Business objectives (business activities)

The objectives of a business must display legal compliance (they do not go against laws and regulations or against public order and morals), profitability (they aim to produce profit), and clarity (they are written in layman's terms). A shortcut to writing business objectives in proper detail is to refer to the business objectives\* of other companies in the same business that are already registered in the company registry. Companies may not engage in businesses that are not specified in their business objectives, so if there are any businesses you may want to pursue in the future, you should include them in the business objectives at the outset. In practice, the phrase “All businesses incidental or related to the foregoing items” is frequently added to the end of the list of business objectives.

\* Anyone may obtain the certificate of registered matters (certified copy of registration) of any company by applying at a relevant Legal Affairs Bureau or registry office.

#### c) Amount of capital (investment)

The enforcement of the Companies Act in 2006 has made it possible to establish a stock company (Kabushiki-Kaisha) with a capital of merely 1 yen. This substantially low capital requirement has lowered the bar for many businesses, but it could also work as a disadvantage in conducting business. For example, if a company has only a small amount of capital, it may not be able to secure sufficient operating funds. Furthermore, it might make financial institutions wary to pass a company through a screening, or raise the suspicion that the company is a shell company. It should also be noted that the minimum amount of required capital differs for some types of businesses requiring authorization (e.g., in the case of a fee-charging employment referral business, a capital of 5 million yen or more is required at the time of startup).

The minimum amount of required capital for your company should be calculated based on your initial financing plan (operating funds + equipment funds = amount of investment (capital) + loans). Although the amount of capital that is needed depends on your company's business activities, it is necessary to secure enough budget to keep the company running even if no sales is made over a certain length of time, since profits cannot necessarily be expected immediately after commencing business.

Besides cash, properties may also be contributed as an investment (contributions in kind), and intangible fixed assets such as patent rights may also be contributed in kind.

#### d) Institutional design

A company is governed by various decision-making and business execution institutions. For example, they may include an executive board composed of directors and auditors, a general meeting of shareholders, and a board of directors. Deciding how many people to assign to each institution is called “institutional design.” An institutional design is mandatory for stock companies (Kabushiki-Kaisha) but optional for membership companies, who may prescribe such matters in the articles of incorporation (institutional autonomy).

**Figure 13** Major institutions and their roles

| Institution                     | Role  |
|---------------------------------|---|
| General meeting of shareholders | Highest decision-making body of the company.<br>Composed of shareholders.   |
| Directors                       | Responsible for executing the company's business (management, operations).  |
| Board of directors*             | Responsible for giving approval to the execution of the company's business. Supervises the business execution by directors. |
| Auditors*                       | Audits the operations of the directors and accounting advisors.   |

\* Installation of these institutions is optional, in principle.

The institutional design of a company is determined by the size of the company and whether it is a publicly listed company. For the small and medium companies, which are not “large company” prescribed in the Company Act, the institutional design is almost patterned and generally similar among them. For example, those started by one or two people usually have a general meeting of shareholders and directors.

#### e) Business year (date of establishment, accounting period)

A company's date of establishment and accounting period may be decided freely. However, the accounting period has a bearing on the tax payment date and tax amounts, so it should be decided in consideration of expected busy periods, tax reduction strategies, and cash flow management. Once an accounting period is decided, the company's date of establishment is generally decided so that it is as close to but no more than a year before the first accounting period (e.g., if the accounting period is in March, the date of establishment should be within April).

In the case of sole proprietorships, the calendar year automatically becomes the business year (e.g., even if a company is founded in April 2021, January to December 2021 constitutes its first year, January to December 2022 its second year, and so on).

#### f) Location of the head office

When registering a company, the address of the company to be written in the articles of incorporation (head office location) may be either i) a home address or ii) an office address. The address does not need to be the location where business activities will actually be conducted.

Note the following points if you are registering your company under your home address.

1. If the lease agreement allows the use of your home property for residential use only, you need to negotiate with the owner or management company of your house in advance.
2. Documents and notices from the tax office, pension office and other administrative offices will be sent to the address under which your company is registered. If you live in a residential complex and register your address only up to the lot number (banchi) and not up to your room number, these documents may not reach you properly. The same problem will occur if your registered address differs from the address of the office where business activities are actually conducted.

#### 4) Create a company representative's seal and obtain the seal certificates of all incorporators

Seals need to be created before you commence the procedures for company registration and incorporation and before launching operations after establishing your company.\* An officially registered company seal (company representative's seal) suffices to establish a company, but normally, a bank seal, square company seal and rubber stamp (address stamp) are also created at the same time. Additionally, the incorporator's seal and seal certificate should be prepared in advance, as they will become necessary when you have your articles of incorporation notarized. Note, however, that the term of validity of a seal certificate issued for this purpose is three months from the date of issuance.

\* In Japan, it is common practice to affix a personal seal or company seal to documents that express a decision made by the individual or company. A variety of seals is used in business practices. They include the officially registered seal (officially registered personal seal, officially registered company seal), bank seal (personal bank seal, company bank seal), approval seal, officer's seal (seals with an imprint showing the name of a corporate position, such as the representative director's seal, general manager's seal, etc.), and square company seal (seal showing the company's name; equivalent to a company approval seal).

Of these different types of seals, the officially registered personal seal is a seal for which an application for registration has been filed and approved by the municipal office where the seal holder is registered as a resident. The officially registered company seal is a seal for which a notification is made at the Legal Affairs Bureau having jurisdiction over the company's head office address. It is also called a company representative's seal. The bank seal is a seal that is filed with the bank, and is used when making cash transactions (withdrawal, remittance, issuance of bills and checks, etc.).

#### 5) Create articles of incorporation and have them notarized (in the case of a stock company (Kabushiki-Kaisha))

Articles of incorporation are the basic rules for the operations of a company (business name, business objectives, head office location, organizational structure, amount of capital, etc.). They are created by the incorporator in the case of a stock company (Kabushiki-Kaisha), and take effect only after they are notarized by a notary public at a notary public office. The detailed process is as follows.

- i) Decide on the basic rules of the company.
- ii) Create officially registered seals for all incorporators and obtain their seal certificates.
- iii) Draft the articles of incorporation (original articles of incorporation) upon agreement by all incorporators.
- iv) Have the articles of incorporation checked at a notary public office.
- v) Have the articles of incorporation notarized by a notary public at a notary public office. As a rule, all incorporators need to be present at the notary public office when applying for notarization. In practice, however, a proxy may be assigned from among the incorporators. The notary public office should be an office located in the same prefecture as the location of the company (head office location).
- vi) Obtain a certified copy of the articles of incorporation.

Articles of incorporation provide three types of information.

<Necessary provisions>

Necessary provisions consist of the following five items (without which the articles of incorporation are not valid).

- a) Objectives
- b) Business name
- c) Location of head office
- d) The value of assets contributed at the time of establishment or the lower limit thereof
- e) Name and address of each incorporator

<Relative provisions> (examples)

Relative provisions do not need to be specified for the articles of incorporation to be valid, but need to be specified for the articles to have legal effect.

- a) Provisions concerning contributions in kind

Unless specified in the articles of incorporation, provisions concerning contributions in kind will not have legal effect, so if you are establishing your company with contributions other than money, make sure you specify provisions for contributions in kind.

- b) Provisions concerning the term of directors

Unless specified in the articles of incorporation, the term of directors is two years by regulation, and an election of officers and an application of registration must be made every two years.

c) Provisions concerning restrictions on the transfer of shares

Example statement: “The transfer of shares of our company requires the approval of the general meeting of shareholders.”

Unless specified in the articles of incorporation, shares may be transferred without anyone's approval.

<Optional provisions> (examples)

Optional provisions may or may not be specified in the articles of incorporation. Note that provisions that go against laws or public order and morals may not be specified.

- a) Number of board members
- b) Names of board members
- c) Business year

The business year of the company becomes explicit by specifying it in the articles of incorporation.

- d) Method of public notice (by publication either in the Official Gazette, a daily newspaper, or by electronic means)

**Reference** “List of notary public offices” Japan National Notaries Association  
<http://www.koshonin.gr.jp/list>

**6) Pay the amount of stated capital**

After your articles of incorporation are notarized, you need to pay the amount of stated capital. As your company does not exist yet at this point (an account cannot be opened in the name of the company), the capital should be paid into the personal account of the incorporator, unless particular circumstances exist.

The following points should be heeded when paying the amount of stated capital.

- Make the deposit or transfer in the name of the incorporator.
- The payment date should be the date on which the articles of incorporation have been notarized or a later date. Any balance that has been in the incorporator's personal bank account since before notarization of the articles of incorporation is not accepted as a payment of stated capital, so if a balance exists, it should be withdrawn once and re-deposited.
- The amount to be paid into the account should be the same amount as the amount of stated capital.
- If there is more than one incorporator, the payment may be made in one of the following two ways.
  - Decide on a representative incorporator and have the other incorporators pay their share into the representative's personal account.
  - Have each incorporator pay their share into their own personal account, and bind the copies of the relevant pages of each bankbook (the cover, the page following the cover page, the page that shows the deposit). If an online bank is used, print the online transaction screen where the necessary information is shown. Careful attention is needed if a daily transfer limit has been set when opening an online bank account.

<In the case where a foreign national not residing in Japan is establishing a company in Japan>

If no incorporator resides in Japan, it may be difficult to open an account at a financial institution in Japan when the time comes to pay the amount of stated capital. However, pursuant to a Notice by the Director-General of the Civil Affairs Bureau, Ministry of Justice (Ministry of Justice, Civil Affairs Bureau, Commercial Affairs Division No. 41) dated March 17, 2017, it has become possible for foreign nationals establishing a company in Japan to transfer their amount of stated capital to the account of a third party who possesses a bank account in Japan. In this case, the third party must receive a power of attorney concerning the receiving of the stated capital from the incorporator.

Notice by the Director-General of the Civil Affairs Bureau, Ministry of Justice (Ministry of Justice, Civil Affairs Bureau, Commercial Affairs Division No. 41)  
<http://www.moj.go.jp/content/001220721.pdf>

## 7) Apply for registration of incorporation and register your company (incorporation)

Apply for registration by filing the necessary application documents with the Legal Affairs Bureau within two weeks of paying the amount of stated capital. They may be filed either online, by mail, or in person. Normally, it takes from a week to ten days for the registration to be completed.

The completion date may be confirmed at the service counter at the Legal Affairs Bureau.

In the case of Tokyo, see the URL below.

[http://houmukyoku.moj.go.jp/tokyo/category\\_00019.html](http://houmukyoku.moj.go.jp/tokyo/category_00019.html)

A company is thus established.

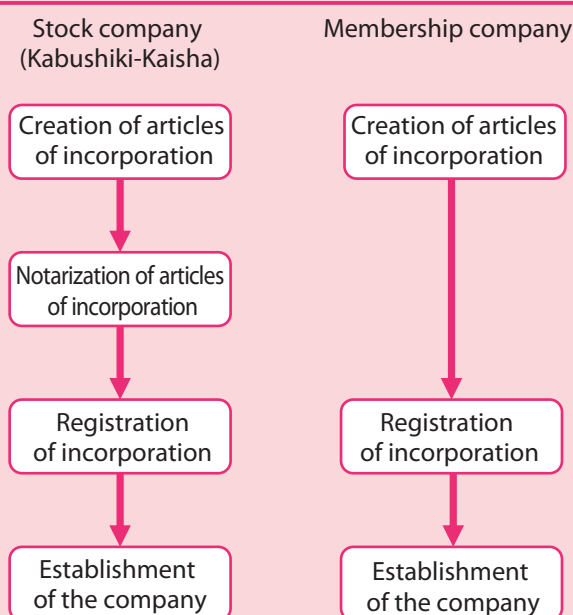
**Reference** "Procedures of commercial and corporation registration for foreign nationals and expatriates" Ministry of Justice  
[http://www.moj.go.jp/ENGLISH/m\\_minji06\\_00004.html](http://www.moj.go.jp/ENGLISH/m_minji06_00004.html)

### Related knowledge

#### Which to choose: A stock company (Kabushiki-Kaisha) or membership company?

A membership company is a category of companies as is a stock company (Kabushiki-Kaisha), and is a collective term for limited liability companies (Godo-Kaisha), limited partnership companies (Goshi-Kaisha) and general partnership companies (Gomei-Kaisha), as mentioned earlier. The process of establishing a membership company and stock company (Kabushiki-Kaisha) is the same, beginning with the creation of the articles of incorporation and ending with the registration of incorporation at the Legal Affairs Bureau. However, the articles of incorporation must be notarized in the case of a stock company (Kabushiki-Kaisha) but not for membership companies (Companies Act, Article 30).

**Figure 14** Process from creating the articles of incorporation to establishing a company





**Figure 15** Differences between a stock company (Kabushiki-Kaisha) and membership company

|   | Stock company<br>(Kabushiki-Kaisha)               | Membership company   |  |   |
|---|---|--|--|---|
|   |   | Limited liability company<br>(Godo-Kaisha)   | Limited partnership company<br>(Goshi-Kaisha)  | General partnership company<br>(Gomei-Kaisha) |
| Number of people needed to establish a company      | 1   | 1  | 2  | 1   |
| Name used to refer to investors                     | Shareholder                                       | Member   |  |   |
| Scope of responsibility of investors                | Limited   | Limited  | Unlimited<br>(member with unlimited liability)<br>Limited<br>(member with limited liability) | Unlimited                                     |
| Highest decision-making process                     | Resolution by the general meeting of shareholders | No restrictions, in principle.<br>Agreement by all members, with regard to important matters |  |   |
| Fee for notarization of articles of incorporation** | 50,000 yen  | Notarization not required  |  |   |
| Revenue stamp for articles of incorporation         | 40,000 yen  | 40,000 yen   |  |   |
| Registration and license tax***                     | 150,000 yen                                       | 60,000 yen   |  |   |
| Profit sharing                                      | Proportionate to the amount of investment         | May be freely specified in the articles of incorporation                                     |  |   |

※ To be partially lowered from January, 2022  
 ※※ Minimum taxable amount

In contrast to a stock company (Kabushiki-Kaisha), which is operated based on the principle of shareholder equality upon widely seeking investments from investors, a membership company is a type of company that respects the internal autonomy of the organization. It is suited to small companies, as it is premised on a system that assumes the investors will become managers.

The major characteristics of a membership company are as follows.

1. Internal organizational rules may be flexibly established, such that a rule can be established, for example, for sharing profits in proportion to the degree of contribution of each investor rather than on their amount of investment (allotment of voting rights and dividends as desired irrespective of investment amounts).
2. When establishing a company, a stock company (Kabushiki-Kaisha) requires an incorporator and shareholder, but a membership company does not. Therefore, it is not necessary to specify provisions concerning the issuance of shares or the general meeting of shareholders in the articles of incorporation.
3. The articles of incorporation are not required to be notarized, so no notarization fee needs to be paid. Additionally, the minimum cost of registration and license tax that is required when registering the company is smaller compared to a stock company (Kabushiki-Kaisha). Therefore, less time and money are needed.

A disadvantage of a membership company is that conflicts of views among investors may lead to matters going out of control, because important matters (changes in the articles of incorporation, transformation to a stock company, etc.) require the approval of all investors. Another is that trouble might occur regarding the treatment of investors' degree of contribution such as when dividing the profit, because voting rights and dividends may be decided freely.

Additionally, in the case of members with unlimited liability, any debts that remain in the event the company goes bankrupt must be repaid using the personal assets of each member.

The decision to establish a stock company (Kabushiki-Kaisha) or membership company must be well thought out when establishing a company. From the perspective of growing a company, a stock company (Kabushiki-Kaisha) might perhaps be the better choice; from the perspective of achieving flexible management, a membership company might perhaps be the better choice. In addition to the advantages and disadvantages of each, it is also important to fully consider all relevant matters and decide which type of company would be best to achieve your goals.



## 12 File the necessary notifications with relevant public offices

Documents that must be filed with relevant public offices after establishing a company vary by business category and type of business. However, roughly speaking, they are divided into documents related to tax affairs, employment affairs and authorization affairs. The main notifications are as follows (for information on authorization matters, see p.24, “10 Apply for and obtain the necessary authorization”). Plan wisely so that all required notifications are filed within their deadline.

**Figure 16** Notifications required for starting a business

(Tax affairs)

| Relevant office   |  | Notification/application   | Deadline for filing notification/application   | Remarks   |
|---|--|--|--|---|
| Sole proprietorship   | Competent tax office   | Notification of starting a business  | · Within 1 month after starting a business   |   |
|   |  | Notification of the establishment of a salary-paying office                                      | · Within 1 month from the date of establishment of a salary-paying office  | · Necessary when employing personnel*   |
|   |  | Application to file the blue tax return  | · By March 15 of the year in which the blue tax return will be filed for the first time  | · When filing the blue tax return for the first time                          |
|   |  |  | · Within 2 months from the date of startup if the business has been started after January 16   |   |
|   |  | Notification for valuation of inventories  | · By the deadline for filing the final tax return for the year in which the business was started   | · The last purchase price method is assumed if the notification is not filed. |
|   | Notification for depreciation method of depreciable fixed assets | · By the deadline for filing the final tax return for the year in which the business was started | · The straight-line depreciation method is assumed if the notification is not filed.<br>· Provided that, only the straight-line depreciation method is approved for buildings acquired after April 1, 1998 and for facilities attached to buildings and architecture acquired after April 1, 2016. |   |
| Tokyo metropolitan tax office (and the competent tax office if outside the 23 wards of Tokyo) | Notification of commencement of business activities              | · Within 15 days from the date of starting business  |  |   |

| Relevant office |  | Notification/application   | Deadline for filing notification/application   | Remarks  |
|-----------------|--|--|--|--|
| Corporation     | Competent tax office   | Notification of incorporation                                    | · Within 2 months from the date of incorporation   | · A copy of the articles of incorporation and other specified documents must be attached.  |
|                 |  | Notification of the establishment of a salary-paying office      | · Within a month from the date of incorporation  |  |
|                 |  | Application to file the blue tax return                          | · By the day before the date on which 3 months have passed since the date of incorporation or the final date of the business year, whichever comes first | · When filing the blue tax return for the first time   |
|                 |  | Notification for valuation of inventories                        | · By the deadline for filing the final tax return for the first year after incorporation   | · The last purchase price method is assumed if the notification is not filed.  |
|                 |  | Notification for depreciation method of depreciable fixed assets | · By the deadline for filing the final tax return for the first year after incorporation   | · The Declining balance depreciation method is assumed if the notification is not filed.<br>· Provided that, only the straight-line depreciation method is approved for buildings acquired after April 1, 1998 and for facilities attached to buildings and architecture acquired after April 1, 2016. |
|                 | Tokyo metropolitan tax office (and the competent tax office and municipal office if outside the 23 wards of Tokyo) | Notification of establishment or installation of a corporation   | · Within 15 days from the date of incorporation  | · A copy of the articles of incorporation and certified copy of the register must be attached.   |

\* If the company is one that pays a salary or other compensation to less than ten people receiving salaries on a regular basis, an exceptional measure is available that allows the company to pay withholding tax on two occasions a year.

#### (Employment and social insurance affairs)

| Relevant office                   | Notification/application  | Deadline for filing notification/application   | Remarks  |
|-----------------------------------|---|--|--|
| Pension office                    | <input type="checkbox"/> Health insurance, employees' pension insurance<br>① Notification for new application<br>② Notification for acquisition of qualification<br>③ Notification of insured person's dependents | · Within 5 days from the date of signing an employment contract  | · Enrollment is compulsory for all corporate businesses.<br>· In the case of sole proprietorships, enrollment is compulsory for businesses employing 5 or more people on a regular basis (except for drinking & eating establishment businesses, leisure businesses, service businesses, etc.), but voluntary for businesses employing less than 5 people.<br>· ③ applies to relevant businesses only. |
| Public employment office          | <input type="checkbox"/> Employment insurance<br>① Notification of installation of a business enrolled in employment insurance<br>② Notification for acquisition of qualification                                 | ① Within 10 days after becoming an enrolled business<br>② By the 10th day of the month following the month in which personnel have been employed | · Both sole proprietorships and corporations must enroll in employment insurance if they have one or more regular employees.   |
| Labor Standards Inspection Office | ① Notification of establishment of industrial accident insurance affiliation<br>② Declaration of estimated insurance premium<br>③ Report of registration of enrolled business                                     | ① Within 10 days after becoming an enrolled business<br>② Within 50 days after becoming an enrolled business<br>③ Within a reasonable time       | · Both sole proprietorships and corporations must enroll in industrial accident insurance if they have one or more regular employees.  |

## Related knowledge

### Simplifying and streamlining administrative procedures

In May 2021, a number of new laws were established in Japan to promote a digital society, including the Basic Act on Forming a Digital Society, which prescribes basic principles for the realization of a digital society, and the Act on the Establishment of the Digital Agency, which stipulates the installation of a Digital Agency as the control center for nationwide information systems. The Digital Agency was established as a symbol of digital reforms in September 2021, and changes to increase the efficiency of administrative services were accelerated.

In conjunction with recommendations to introduce remote working as a measure to prevent infection by COVID-19, there are now moves to review the principle of documentation (provision of online procedures) in administrative services and to completely eliminate the use of the approval seal.

If seals no longer need to be used, documents could be approved electronically using a computer and sent directly from the computer as an attachment to an email, or the administrative side could take advantage of the features of electronic data to tally or aggregate the data automatically. The elimination of seals is thus expected to make a significant contribution to simplifying and streamlining administrative procedures.

The following are some examples of how administrative procedures may be simplified and streamlined.

#### 1. Introduction of an online application system for status of residence

From July 25, 2019, it has become possible to apply for status of residence around the clock online from an office or other location without making a visit to a regional office of the Immigration Services Agency (when using the online service for the first time, however, the required documents must be sent by mail to the regional branch office of the Immigration Services Agency that has jurisdiction over the applicant's address).

The online system may be used to apply for the following.

**Source** ▶ "FAQ about the 'Immigration Services Agency e-Notification System'"

<https://www.moj.go.jp/isa/content/930001416.pdf>

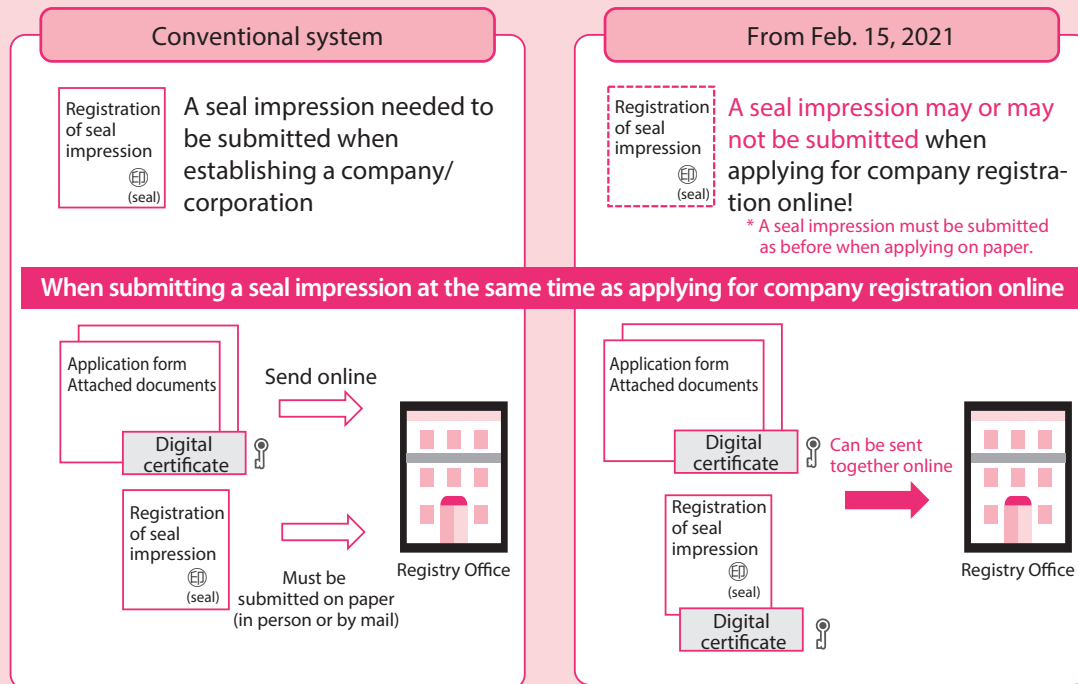
- a) Application for certificate of eligibility
- b) Application for change of status of residence
- c) Application for renewal of status of residence
- d) Application for acquisition of status of residence
- e) Application for certificate of authorized employment
- f) Application for re-entry permit, together with b), c) and d)
- g) Application for permission to engage in activities outside the scope of a resident status, together with b), c) and d)

#### 2. Option of submitting a seal impression for commercial registration

The online application system for commercial registration began on February 14, 2011, but the system is presently used in combination with applications on paper. The system may be used to apply for registration (including commissioning of registration), to file a notification of submitting or abolishing a seal registration, and to request a digital seal certificate.

From February 15, 2021, it has become unnecessary to submit a seal impression with the registry office when applying for registration online (when filing an application for registration on paper, however, the seal registered with the registry office must be affixed to the application form, so a seal impression must be submitted as before).

**Figure 17** Online application procedure for commercial registration



(Note) When filing an application on paper (including paper applications with a QR code (2D bar code)) or when a proxy files an application in person or by mail, a seal impression needs to be submitted on paper as before. A notification of submitting or abolishing a seal impression may not be filed online alone.

**Source** ▶ "Notification of submitting or abolishing a seal impression online (commercial/corporate registration)" Ministry of Justice

[http://www.moj.go.jp/MINJI/minji06\\_00072.html#01](http://www.moj.go.jp/MINJI/minji06_00072.html#01)

**Reference**

The Cabinet Office has announced the following viewpoint together with the Ministry of Justice and Ministry of Economy, Trade and Industry, on June 19, 2020.

"Q&A concerning the affixing of seals"

<http://www.moj.go.jp/content/001322410.pdf>

- Under private law, contracts come into effect when the intentions of parties concerned coincide with each other. As such, the preparation of a written document and the affixing of a seal to the written document are not necessary requirements, unless otherwise specified.
- When entering an agreement, whether a seal is affixed to a contract has no bearing on the validity of the contract, unless otherwise specified.

Given this governmental stance, there will likely be fewer cases that require the affixing of a seal to paper documents, including applications for authorization, unless the attachment of a seal certificate is required by law. However, the purpose of terminating the use of the approval seal is to eliminate the perfunctory formality of affixing the seal, and not to deny the validity of the seal in and of itself. The official registered seal, which is registered with an administrative agency and has objective probative value, will likely continue to be used hereafter as an effective means of increasing authenticity as long as paper-based processes exist in the application of authorizations and other such matters.

## 13 Officially launch your business

Inform friends, acquaintances, cooperators and business partners about your company and officially launch your business. Use advertising media such as websites, social media, direct mails, flyers and community magazines effectively as necessary, to actively cultivate markets in and outside of Japan.

## 14 Make the necessary tax payments

To engage in business as a going concern, you have the obligation to pay taxes in accordance with your income. Figure 18 summarizes the major taxes that are levied on business income. In addition to these, there are also the consumption tax, revenue stamp duty, fixed asset tax, and other such taxes that are not levied on the business income of sole proprietorships or corporations (information about these taxes are omitted in this edition).

In Japan, taxpayers themselves calculate the amount of national taxes they ought to pay based on their income, and pay that amount at their own will upon filing a tax return declaring the amount (called “self-assessed taxation system”). It should be noted that, under this system, people who must file a tax return but do not, or people who file a tax return after the specified date will be required to pay additional tax or an overdue tax. Normally, sole proprietorships must file a tax return between February 16 and March 15 every year, and corporations within two months from the day following the ending day of each business year, to the taxation office having jurisdiction over the location of the company (in the case of corporations, the address of the head office specified in the certified copy of the register). Local taxes are to be paid to the relevant prefecture and municipality.

Figure 18

(Taxes levied on sole proprietorships)

|              | Tax   | Description  | Filing a tax return  |
|--------------|---|--|--|
| National tax | Income tax  | Levied in accordance with income amount  | Due date:<br>The final tax return must be filed between February 16 and March 15 of the following year.<br><br>Where to file the tax return:<br>Tax office having jurisdiction over the address of the business. |
| Local tax    | <Residence tax><br>- Prefectural residence tax<br>- Municipal residence tax | Both consist of two parts:<br>1) Per capita levy (levied uniformly for all residents)<br>2) Per income levy (levied in accordance with the amount of income) | Filing a final income tax return suffices; no other procedures are necessary.  |
|              | Enterprise tax  | Levied in accordance with the amount of income   |  |

(Taxes levied on corporations)

|              | Tax   | Description  | Filing a tax return  |
|--------------|---|--|--|
| National tax | Corporate tax   | Levied in accordance with income amount  | Due date:<br>The final tax return must be filed within two months from the day following the ending day of the business year.<br><br>Where to file the tax return:<br>Tax office having jurisdiction over the head office address. |
| Local tax    | <Corporate residence tax><br>- Prefectural residence tax<br>- Municipal residence tax | Both consist of two parts:<br>1) Per capita levy (levied in accordance with the size category of the company)<br>2) Per corporate tax levy (levied in accordance with the amount of corporate tax for the relevant term) | Due date:<br>Same as corporate tax.<br><br>Where to file the tax return:<br>Prefectural tax office for prefectural residence tax;<br>municipal office for municipal residence tax.   |
|              | Corporate enterprise tax  | Levied in accordance with income amount  | Due date:<br>Same as corporate tax.<br><br>Where to file the tax return:<br>Prefectural tax office, etc.   |
| Other        | Special local corporate tax (national tax)  | A portion of the corporate enterprise tax is re-distributed to the relevant prefecture after collection as special local corporate tax.  | Due date:<br>Same as corporate tax.<br><br>Where to file the tax return:<br>Prefectural tax office, etc.   |

(Note) In addition to the above, consumption tax, revenue-stamp duty, fixed asset tax, and other such taxes are also levied on both sole proprietorships and corporations.

**Reference**

“Inquiries regarding national taxes in general (consultations via phone, face-to-face meeting, email, fax for the hearing impaired, etc.)” National Tax Agency  
<https://www.nta.go.jp/taxes/shiraberu/sodan/denwa-sodan/index.htm>  
 Tax Payment Call Center  
[https://www.nta.go.jp/english/taxes/call\\_center/index.htm](https://www.nta.go.jp/english/taxes/call_center/index.htm)

Acquiring knowledge about the tax system and knowing the breakdown of the taxes you pay will help you save taxes and prevent overpayments. In particular, a variety of tax incentives are available to sole proprietorships and small and medium enterprises that file a tax return, so it is important to know the requirements and conditions for receiving these benefits. For example, some tax deductions may require you to prepare a business plan. The tax system is modified almost every year. Be tax wise by deepening your understanding about taxes and consulting with the chamber of commerce and industry or a tax accountant opportunistly, as necessary.

### III

## Reference Materials on Starting a Business

### 1

### Items to consider when creating a business plan (example)

|                         |                        | Items for consideration  |
|-------------------------|------------------------|--|
| <Sales plan>            |                        |  |
| Who                     |                        | Will sales representatives be family members only?<br>Will you need to hire employees?   |
| To whom                 |                        | What kind of customers do you envision? What needs do they have?   |
| What                    |                        | What are the characteristics of the products, services, or technology you will provide? What kind of lineup will you have?   |
| How                     |                        | How will you sell your products, services, or technology (in-store, online, etc.)?   |
| Sales terms             |                        | Will you sell for cash or on credit? Define other sales terms as necessary.  |
| Business days/<br>hours |                        | Will you have regular holidays? What will be your business hours?  |
| <Purchasing plan>       |                        |  |
| What                    |                        | Will you be able to procure products that accord with your sales strategy and top selling products?  |
| When & from<br>where    |                        | Will you be able to procure the necessary quantities in a timely manner from suppliers?  |
| Purchasing terms        |                        | Will you pay in cash or by credit? Define the terms for settlement by credit or bill as necessary.   |
| <Expense plan>          |                        |  |
| What                    |                        | Mainly take into account personnel expenses, rent, depreciation, and payment of interest.  |
| How                     | Personnel expenses     | Can personnel expenses be reduced by streamlining operations such as by introducing IT equipment?  |
|                         | Rent & office expenses | Can the workplace or office be made as small as possible by thoroughly rationalizing lines of traffic and work processes?  |
|                         | Depreciation           | Can recycled items be utilized or items be leased?   |
|                         | Payment of interest    | If you must rely on loans, first consider borrowing from institutions that offer low interest rates, such as Japan Finance Corporation. Also consider utilizing subsidies, grants and incentives offered by the national government, local governments, chambers of commerce and industry, and other such organizations. |

**Source** ▶ Created based on "Business Startup Guidebook" Tokyo Chamber of Commerce and Industry

# 2

## Business startup plan (example)

### Business startup plan

Prepared on \_\_\_\_ (yyyy)/\_\_ (mm)/\_\_ (dd)

Your name \_\_\_\_\_

#### 1. Your motivation for starting a business (Why are you starting a business? What prompted you to start a business?)

|  |                 |
|--|-----------------|
|  | Office use only |
|  |                 |
|  |                 |

#### 2. Brief personal history (Include not only your work history, but also your duties, the posts you have held, skills you have acquired, etc.)

| Year/Month                         | Contents  | Office use only |
|------------------------------------|---|-----------------|
|                                    |   |                 |
|                                    |   |                 |
|                                    |   |                 |
|                                    |   |                 |
| Business management experience     | <input type="checkbox"/> You have never managed a business before.<br><input type="checkbox"/> You have managed a business before and continue to manage the same business today.<br>(⇒Description of business _____)<br><input type="checkbox"/> You have managed a business before, but have already closed the business.<br>(⇒Date of business closure: ____ (yyyy)/__ (mm)) |                 |
| Qualifications                     | <input type="checkbox"/> None in particular <input type="checkbox"/> Yes ( _____ No., code, etc. _____ )  |                 |
| Intellectual property rights, etc. | <input type="checkbox"/> None in particular <input type="checkbox"/> Yes ( _____ <input type="checkbox"/> Pending <input type="checkbox"/> Registered )   |                 |

#### 3. Products/services

|  |   |  |                          |
|--|---|--|--------------------------|
| Details of products/services handled                                 | ① |  | (Share of sales _____ %) |
|  | ② |  | (Share of sales _____ %) |
|  | ③ |  | (Share of sales _____ %) |
| Selling point  |   |  | Office use only          |
| Sales target/strategy  |   |  |                          |
| Competitors, market conditions, environment surrounding your company |   |  |                          |

#### 4. Business partners, relations, etc.

|                        | (Notation in katakana)<br>Business partner<br>(address, etc. (municipality)) | Share        | Rate of transactions on account           | Collection and payment conditions |                 | Office use only |
|------------------------|--|--------------|---|-----------------------------------|-----------------|-----------------|
|                        |  |              |   | Cut-off date                      | Collection date |                 |
| Sales destinations     | ( _____ )  | %            | %   | Cut-off date                      | Collection date |                 |
|                        | ( _____ )  | %            | %   | Cut-off date                      | Collection date |                 |
|                        | _____ other companies  | %            | %   | Cut-off date                      | Collection date |                 |
| Suppliers              | ( _____ )  | %            | %   | Cut-off date                      | Payment date    |                 |
|                        | ( _____ )  | %            | %   | Cut-off date                      | Payment date    |                 |
|                        | _____ other companies  | %            | %   | Cut-off date                      | Payment date    |                 |
| Subcontractors         | ( _____ )  | %            | %   | Cut-off date                      | Payment date    |                 |
|                        | _____ other companies  | %            | %   | Cut-off date                      | Payment date    |                 |
| Payment of the payroll |  | Cut-off date | Payment date (bonus months: _____, _____) |                                   |                 |                 |



☆ This document will be used to shorten your interview time as much as possible.  
**Please note that it will not be returned to you.**  
 ☆ Please complete this form as much as you can, and attach it to your loan application.  
 ☆ **In place of this document, you may also submit a plan you have drawn up yourself.**

### 5. Personnel

|   |              |   |              |   |
|---|--------------|---|--------------|---|
| No. of full-time board members<br>(for corporations only) | _____ people | No. of personnel<br>(to be employed continuously for more than 3 months*) | _____ people | (No. of family members included in the figure at left) _____ people<br>(No. of part-time workers included in the figure at left) _____ people |
|---|--------------|---|--------------|---|

\* Write the number of personnel who you plan to employ continuously for more than 3 months from the startup of your business.

### 6. Loans (in the case of a corporation, loans borrowed by the representative)

| Lender | Purpose   | Balance | Annual repayment amount |
|--------|---|---------|-------------------------|
|        | <input type="checkbox"/> Business <input type="checkbox"/> Home <input type="checkbox"/> Car <input type="checkbox"/> Education <input type="checkbox"/> Credit card <input type="checkbox"/> Other | yen     | yen                     |
|        | <input type="checkbox"/> Business <input type="checkbox"/> Home <input type="checkbox"/> Car <input type="checkbox"/> Education <input type="checkbox"/> Credit card <input type="checkbox"/> Other | yen     | yen                     |
|        | <input type="checkbox"/> Business <input type="checkbox"/> Home <input type="checkbox"/> Car <input type="checkbox"/> Education <input type="checkbox"/> Credit card <input type="checkbox"/> Other | yen     | yen                     |

### 7. Amount of required capital and procurement method

| Required capital |   | Estimate requested from | Amount | Procurement method   | Amount |
|------------------|---|-------------------------|--------|--|--------|
| Equipment funds  | Store, factory, machines, vehicles, etc.<br>(Breakdown)     |                         | yen    | Personal funds   | yen    |
|                  |   |                         |        | Loans from parents, siblings, acquaintances, friends, etc.<br>(Breakdown and repayment method) | yen    |
|                  |   |                         |        | Loan from Japan Finance Corporation's Micro Business and Individual Unit                       | yen    |
|                  |   |                         |        | Loans from other financial institutions, etc.<br>(Breakdown and repayment method)              | yen    |
| Operating funds  | Product purchases, payment of expenses, etc.<br>(Breakdown) |                         | yen    |  |        |
| Total            |   |                         | yen    | Total  | yen    |

### 8. Business prospects (monthly average)

|  | At time of startup        | 1 year later or after<br>the business gets on track<br>(around (yyyy) (mm)) | Basis for your calculation of sales, cost of sales (purchase amount), and expenses                        |
|--|---------------------------|---|---|
| Sales (1)                              | yen                       | yen   |   |
| Cost of sales (2)<br>(Purchase amount) | yen                       | yen   |   |
| Expenses                               | Personnel expenses (note) | yen   |   |
|  | Rent                      | yen   |   |
|  | Interest expenses         | yen   |   |
|  | Other                     | yen   |   |
| Total (3)                              | yen                       | yen   |   |
| Profit<br>(1) – (2) – (3)              | yen                       | yen   | (Note) In the case of a sole proprietorship, do not include the personnel expenses of the business owner. |

### 9. Comments (Anything you wish to add, concerns about conducting business, request for advice, etc.)

Please submit any other materials that would be of reference.

(Japan Finance Corporation's Micro Business and Individual Unit)

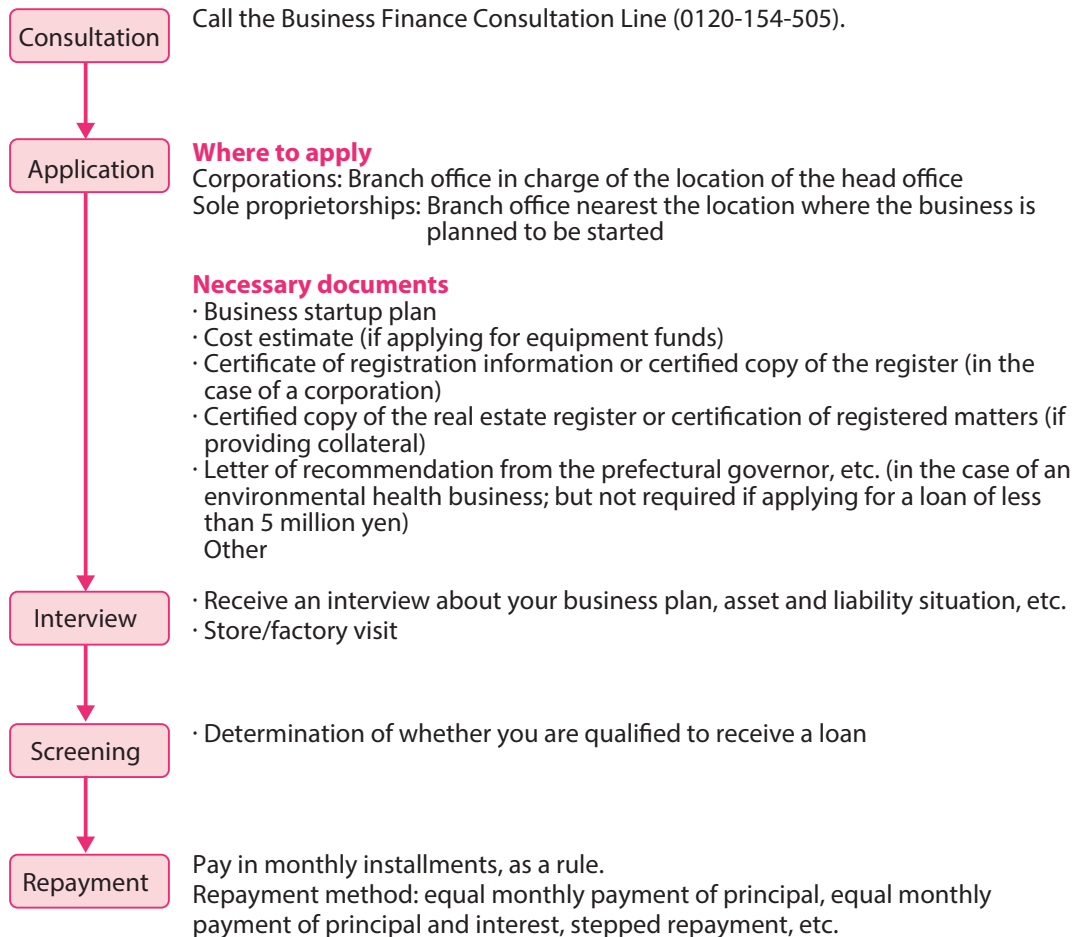
Source ▶ "Business startup plan" Japan Finance Corporation  
[http://www.jfc.go.jp/n/service/pdf/kaigyuu00\\_190507b.pdf](http://www.jfc.go.jp/n/service/pdf/kaigyuu00_190507b.pdf)

### 3

## Loan application procedure

### Loan application procedure

Example of applying for a loan from Japan Finance Corporation



**Reference** [https://www.jfc.go.jp/n/finance/flow/tetsudukij\\_c.html](https://www.jfc.go.jp/n/finance/flow/tetsudukij_c.html)

Even if you have an idea, it is often difficult to move forward from a state of vagueness. At times like this, consult an expert in corporate management to clarify issues and problems, and solve them one by one based on the expert's advice regarding what you lack and what kinds of measures are available to you. In Japan, the Small and Medium Enterprise Agency, Chambers of Commerce and Industry, and various other public and private institutions and organizations provide support to entrepreneurs, such as by imparting management know-how, holding seminars on how to prepare business plans and other relevant topics, facilitating match-ups between venture companies and investors or business partners, providing individual counseling, and offering business financing.

A series of procedures also need to be completed when starting a business, including procedures for acquiring a proper status of residence, registering the company at the Legal Affairs Bureau, filing documents with the tax office and social insurance office, and acquiring authorization from relevant government offices. You may be able to handle some of these procedures yourself, but they may take a considerable amount of time if you are not familiar with them. In such cases, administrative attorneys, judicial scriveners and other professionals in their respective fields can help. Based on the thinking that time is money, it is one option to leave all procedures up to professionals and dedicate yourself to your main business duties.

#### I. Public support agencies and organizations

##### **Regional Head Offices of the Organization for Small & Medium Enterprises and Regional Innovation, Japan**

Eligibility: Entrepreneurs, SME managers taking a new step forward, etc.

Services: Dispatch of experts, startup consultation, provision of information on incubation facilities, etc.

Location: 10 locations nationwide (1 in each regional administrative unit, 1 in Okinawa)

Inquiries: [https://www.smrj.go.jp/regional\\_hq/index.html](https://www.smrj.go.jp/regional_hq/index.html)  
<https://www.smrj.go.jp/english/about/network.html>  
<https://www.smrj.go.jp/venture/index.html>  
<https://www.smrj.go.jp/english/index.html>

##### **Prefectural SME Support Centers**

Eligibility: SME managers who have inquiries concerning management, funds procurement, etc.

Services: Business diagnosis, dispatch of experts, etc.

Location: All prefectures and ordinance-designated cities

Inquiries: "Support center locations"  
<https://zenkyo.or.jp/association/index.htm>

##### **Startup Support Center, Tokyo Chamber of Commerce and Industry**

Eligibility: SME managers who have inquiries concerning business startup, business succession, new business establishment, funds procurement, etc.

Services: Procedures for starting a business, consultation regarding startup issues such as concerning public financing systems that are available when starting a business.

Location: Marunouchi Nijubashi Bldg., 3-2-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005

Inquiries: "Tosho Business Support Desk"

Tel. 03-3283-7767

<https://www.tokyo-cci.or.jp/entre/>


<https://www.tokyo-cci.or.jp/english/>

[https://www.tokyo-cci.or.jp/english/our\\_main\\_missions\\_and\\_commitments/business\\_support/](https://www.tokyo-cci.or.jp/english/our_main_missions_and_commitments/business_support/)

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| <p><b>Mirasapo Plus</b><br/> Eligibility: Small and medium enterprise businesses, small businesses<br/> Services: Introduction of support systems, such as subsidies and grants, stimulus payments, loans, tax incentives, etc.<br/> Inquiries: “Small and Medium Enterprise Agency”<br/> Tel. 03-3501-1511 (main number)<br/> <a href="https://mirasapo-plus.go.jp/">https://mirasapo-plus.go.jp/</a></p>  |
| <p><b>Chushokigyo 119</b><br/> Eligibility: SME managers, small businesses, etc.<br/> Services: Introduction of appropriate support agencies to help solve various issues<br/> Inquiries: “Office for expert dispatch services”<br/> Tel. 03-5542-1685<br/> <a href="https://chusho119.go.jp/">https://chusho119.go.jp/</a><br/> Remark: Operated under the commission of the Small and Medium Enterprise Agency.</p>   |
| <p><b>Japan Finance Corporation (JFC)</b><br/> Eligibility: Entrepreneurs, etc.<br/> Services: Consultation about starting a business, financing support for startup companies experiencing difficult in funds procurement, etc.<br/> Location: Comprehensive Support Desks (152 locations nationwide), Startup Support Centers (15 locations nationwide), Business Support Plazas (6 locations nationwide), etc.<br/> Inquiries: “Startup support in general”<br/> <a href="https://www.jfc.go.jp/n/company/national/initiation.html">https://www.jfc.go.jp/n/company/national/initiation.html</a><br/> <a href="https://www.jfc.go.jp/n/english/">https://www.jfc.go.jp/n/english/</a><br/> “Business Support Plazas”<br/> <a href="https://www.jfc.go.jp/n/finance/sougyou/ijuusougyou/location/index.html">https://www.jfc.go.jp/n/finance/sougyou/ijuusougyou/location/index.html</a><br/> “Business pension fund consultation”<br/> Tel. 0120-154-505</p> |
| <p><b>Japan Federation of Credit Guarantee Corporations (JFG)</b><br/> Eligibility: Small and medium enterprises, small businesses<br/> Services: Serving as public guarantors to enable companies to borrow business funds from financial institutions<br/> Location: 2-1 Kanda Tsukasa-machi, Chiyoda-ku, Tokyo 101-0048<br/> Inquiries: <a href="https://www.zensinhoren.or.jp/">https://www.zensinhoren.or.jp/</a><br/> <a href="https://www.zensinhoren.or.jp/english/">https://www.zensinhoren.or.jp/english/</a><br/> “List of nationwide credit guarantee corporations”<br/> <a href="https://www.zensinhoren.or.jp/nearest/">https://www.zensinhoren.or.jp/nearest/</a></p>  |
| <p><b>Tokyo One-Stop Business Establishment Center (TOSBEC)</b><br/> Eligibility: People considering starting a business in Tokyo<br/> Services: Various procedures that are necessary to establish a company or start a business, such as the notarization of the articles of incorporation, company registration, tax affairs, pension affairs, social insurance, immigration matters, etc.<br/> Location: Japan External Trade Organization (JETRO) Headquarters<br/> Ark Mori Bldg. 7F, 1-12-32 Akasaka, Minato-ku, Tokyo 107-6090<br/> Inquiries: Tel. 03-3582-4934<br/> <a href="https://www.startup-support.metro.tokyo.lg.jp/onestop/jp/">https://www.startup-support.metro.tokyo.lg.jp/onestop/jp/</a><br/> <a href="https://www.startup-support.metro.tokyo.lg.jp/onestop/en/">https://www.startup-support.metro.tokyo.lg.jp/onestop/en/</a></p>  |
| <p><b>Japan External Trade Organization (JETRO)</b><br/> Eligibility: People considering engaging in international business<br/> Services: Advice on imports/exports and investment (how to begin engaging in trade, overseas market information, investment related information, etc.)<br/> Location: Ark Mori Bldg., 1-12-32 Akasaka, Minato-ku, Tokyo 107-6006<br/> Inquiries: “General information about JETRO”<br/> Tel. 03-3582-5511<br/> <a href="https://www.jetro.go.jp/">https://www.jetro.go.jp/</a><br/> <a href="https://www.jetro.go.jp/en/">https://www.jetro.go.jp/en/</a><br/> “JETRO offices in Japan”<br/> <a href="https://www.jetro.go.jp/jetro/japan/list.html">https://www.jetro.go.jp/jetro/japan/list.html</a><br/> <a href="https://www.jetro.go.jp/en/jetro/worldwide/japan/">https://www.jetro.go.jp/en/jetro/worldwide/japan/</a></p>  |
| <p><b>Manufactured Imports and Investment Promotion Organization (MIPRO)</b><br/> Eligibility: People considering starting a business<br/> Services: Consultation about company establishment and business startup procedures<br/> Location: 6th Floor, World Import Mart Bldg., 3-1-3, Higashi-Ikebukuro, Toshima-ku, Tokyo 170-8630<br/> <a href="https://www.mipro.or.jp/">https://www.mipro.or.jp/</a><br/> <a href="https://www.mipro.or.jp/english/index.html">https://www.mipro.or.jp/english/index.html</a><br/> Inquiries: Tel. 03-3989-5151<br/> <a href="https://www.mipro.or.jp/advisement/">https://www.mipro.or.jp/advisement/</a><br/> <a href="https://www.mipro.or.jp/english/advisement/investment/index.html">https://www.mipro.or.jp/english/advisement/investment/index.html</a></p>   |

## II. Professional organizations

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| <p><b>Japan Federation of Certified Administrative Procedures Legal Specialists Associations (Administrative attorneys)</b></p> <p>Services: Consultation on obtaining various authorization and licenses, such as the application for the certificate of eligibility for residence status, application for change of status of residence, application for a business permit, etc., support for the creation of the articles of incorporation, and other such support</p> <p>Location: Toranomom Towers Office 10F, 4-1-28 Toranomom, Minato-ku, Tokyo 105-0001</p> <p>Inquiries: “Japan Federation of Certified Administrative Procedures Legal Specialists Association”<br/>Tel. 03-6435-7330<br/><a href="https://www.gyosei.or.jp/">https://www.gyosei.or.jp/</a><br/><a href="https://www.gyosei.or.jp/about/language/english">https://www.gyosei.or.jp/about/language/english</a><br/>“Certified Administrative Procedures Legal Specialists Association in each prefecture”<br/><a href="https://www.gyosei.or.jp/about/disclosure/membership.html">https://www.gyosei.or.jp/about/disclosure/membership.html</a></p> |
| <p><b>Japan Federation of Shiho-Shoshi Lawyer's Associations (Judicial scriveners)</b></p> <p>Services: Consultation regarding registration matters, agency for registration procedures, etc.</p> <p>Location: 4-37 Yotsuya Honshio-cho, Shinjuku-ku, Tokyo 160-0003</p> <p>Inquiries: Tel. 03-3359-4171<br/><a href="https://www.shiho-shoshi.or.jp/">https://www.shiho-shoshi.or.jp/</a><br/><a href="https://www.shiho-shoshi.or.jp/global/english/">https://www.shiho-shoshi.or.jp/global/english/</a><br/>“List of Shiho-Shoshi Lawyer's Associations throughout Japan”<br/><a href="https://www.shiho-shoshi.or.jp/association/shiho_shoshi_list/">https://www.shiho-shoshi.or.jp/association/shiho_shoshi_list/</a><br/>“List of Shiho-Shoshi consultation centers”<br/><a href="https://www.shiho-shoshi.or.jp/activity/consultation/center_list/">https://www.shiho-shoshi.or.jp/activity/consultation/center_list/</a></p>   |
| <p><b>Japan Federation of Certified Public Tax Accountants' Associations (Tax accountants)</b></p> <p>Services: Consultation about tax matters, agency for the preparation of the final tax return and other tax documents, etc.</p> <p>Location: Nihon Zeirishi Kaikan Bldg. 8F, 1-11-8 Osaki, Shinagawa-ku, Tokyo 141-0032</p> <p>Inquiries: Tel. 03-5435-0931<br/><a href="https://www.nichizeiren.or.jp/">https://www.nichizeiren.or.jp/</a><br/><a href="https://www.nichizeiren.or.jp/eng/">https://www.nichizeiren.or.jp/eng/</a><br/>“List of Certified Public Tax Accountant's Associations throughout Japan”<br/><a href="https://www.nichizeiren.or.jp/nichizeiren/location/">https://www.nichizeiren.or.jp/nichizeiren/location/</a></p>   |
| <p><b>Japan Federation of Labor and Social Security Attorney's Associations (Labor and social security attorneys)</b></p> <p>Services: Social and labor insurance procedures, consultation about labor management issues, consultation about pension matters, etc.</p> <p>Location: Shakai Hokenromushi Kaikan Bldg., 3-2-12 Nihonbashi Hongoku-cho, Chuo-ku, Tokyo 103-8346</p> <p>Inquiries: Tel. 03-6225-4864 (main number)<br/><a href="https://www.shakaihokenroumushi.jp/">https://www.shakaihokenroumushi.jp/</a><br/><a href="https://www.shakaihokenroumushi.jp/en/tabid/296/Default.aspx">https://www.shakaihokenroumushi.jp/en/tabid/296/Default.aspx</a><br/>“List of Labor and Social Security Attorney's Associations throughout Japan”<br/><a href="https://www.shakaihokenroumushi.jp/organization/tabid/238/Default.aspx">https://www.shakaihokenroumushi.jp/organization/tabid/238/Default.aspx</a></p>  |
| <p><b>Japan Small and Medium Enterprise Management Consultants Association (Small and medium sized enterprise management consultants)</b></p> <p>Services: Providing management diagnosis, advice on business management, etc. to small and medium enterprises</p> <p>Location: Ginmatsu Bldg., 1-14-11 Ginza, Chuo-ku, Tokyo 104-0061</p> <p>Inquiries: Tel. 03-3563-0851<br/><a href="https://www.j-smeca.jp/">https://www.j-smeca.jp/</a><br/><a href="https://www.j-smeca.jp/contents/018_english_contents.html">https://www.j-smeca.jp/contents/018_english_contents.html</a><br/>“List of Small and Medium Enterprise Management Consultants Associations in each prefecture”<br/><a href="https://www.j-smeca.jp/open/static/sibuindex.jsf">https://www.j-smeca.jp/open/static/sibuindex.jsf</a></p>  |
| <p><b>Japan Federation of Bar Associations (Attorneys)</b></p> <p>Services: Legal consultation, reconciliation and settlement negotiation, lawsuit activities, filing petitions against government authorities, and other such legal affairs</p> <p>Location: Bengoshi Kaikan Bldg. 15F, 1-1-3 Kasumigaseki, Chiyoda-kyu, Tokyo 100-0013</p> <p>Inquiries: Tel. 03-3580-9841 (main number)<br/><a href="https://www.nichibenren.or.jp/">https://www.nichibenren.or.jp/</a><br/><a href="https://www.nichibenren.or.jp/en.html">https://www.nichibenren.or.jp/en.html</a><br/>“Himawari Hotline &lt;for SME managers&gt;”<br/>Tel. 0570-001-240<br/>“Himawari SME Center”<br/><a href="https://www.nichibenren.or.jp/ja/sme/about_himawari.html">https://www.nichibenren.or.jp/ja/sme/about_himawari.html</a><br/>“Online consultation office”<br/><a href="https://www.nichibenren.or.jp/ja/sme/contact.html">https://www.nichibenren.or.jp/ja/sme/contact.html</a></p>  |



Trade and Business Startup Consultation Desk

**MIPRO Consulting services for trade & starting business**

TEL: 03-3989-5151

<https://www.mipro.or.jp/>

Consultation available weekdays from 10:30 A.M. to 4:30 P.M.

This document has been prepared based on the information as of April 30, 2021 and with the utmost care regarding accuracy. However, when actually starting a business in Japan, please inquire with the relevant public offices concerning necessary documents, matters, etc. or consult with an administrative attorney or other specialists.

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**Manufactured Imports and Investment Promotion Organization (MIPRO)**

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URL : <https://www.mipro.or.jp/>

外国人のための起業ガイドブック  
(起業準備編)

