

The Mipro Guide to Starting a Business in Japan

～Public Insurance and Employment Management～

外国人のための起業ガイドブック
(公的保険・雇用管理編)



How to use this guidebook

"The Mipro Guide to Starting a Business in Japan" is designed to provide information that will help foreigners wishing to start business in Japan.

This Public Insurance and Employment Management edition explains the public health insurance, pension, and labor insurance systems to support the basic quality of life of foreign business proprietors and their employees. It also explains matters to be considered before and after hiring employees.

The table of contents provides a quick overview to help identify important information, which saves precious time by alleviating the need to read through the entire guidebook.

I. Public Insurance

This chapter provides an explanation of the public insurance required by foreigners establishing businesses in Japan using a Q&A style and examples from the perspective of both a sole proprietorship and a corporation to show the difference between them. It explains the public insurance required in both cases for the business proprietor him/herself, his or her dependents, and employees followed by the enrollment procedures and the costs of public insurance.

It covers the public insurance of a small-size enterprise with fewer than 10 employees.

Please note that branch offices of foreign-capitalized companies in Japan are treated as corporations, and representative offices in Japan are treated as sole proprietorships.

II. Employment Management

While the requirements regarding employment of sole proprietorships and corporations are the same, this chapter provides an explanation of basic issues to be aware of when starting a business and hiring employees.

As in chapter I, it covers the employment management of a small enterprise with fewer than 10 employees.

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Glossary

The terms listed below are used frequently throughout this guidebook. To get the most out of this useful document, please take a few moments to familiarize yourself with the meaning of each term.

Regular employees:

Regular employees are generally defined as permanent, full-time workers hired without a predetermined limit to the period of employment to work full-time during the hours and days determined by the workplace.

Part-time employees:

Part-time employees are defined as workers hired to work less than full-time hours or days. There are two types of part-time employment; namely, with and without a predetermined period of employment. Part-time employees in this guidebook include employees both with and without a predetermined period of employment.

Fixed-term employees:

Fixed-term employees are defined as workers hired for a predetermined period of employment. Working hours and days vary depending on the conditions of employment, with some fixed-term employees working the same hours and days as full-time employees, and others working fewer hours or days. Fixed-term employees in this guidebook include both types. For clarity, full-time fixed-term employees are identified as such throughout this guidebook.

Permanent employees:

The definition of permanent employee varies depending on laws and regulations. Permanent employees in this guidebook are defined as workers who meet the requirements for social insurance coverage.

Full-time employees:

Full-time employees are defined as workers hired to work full-time during the hours and days determined by the workplace. Regular employees are included; however, there is also a full-time, fixed-term employee category.

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I. Public Insurance

1 The Japanese Public Insurance System

~What should we know about the Japanese public insurance system?~

Q What insurance is required for foreign residents wishing to start businesses in Japan? Are business proprietors required to cover the cost of public insurance for their employees?

A Japan has a universal healthcare and pension system, which all residents are required to join. This also applies to foreign residents in Japan beyond a certain period of time. Employers are required to enroll employees in Workers' Accident Compensation Insurance and the Employment Insurance.

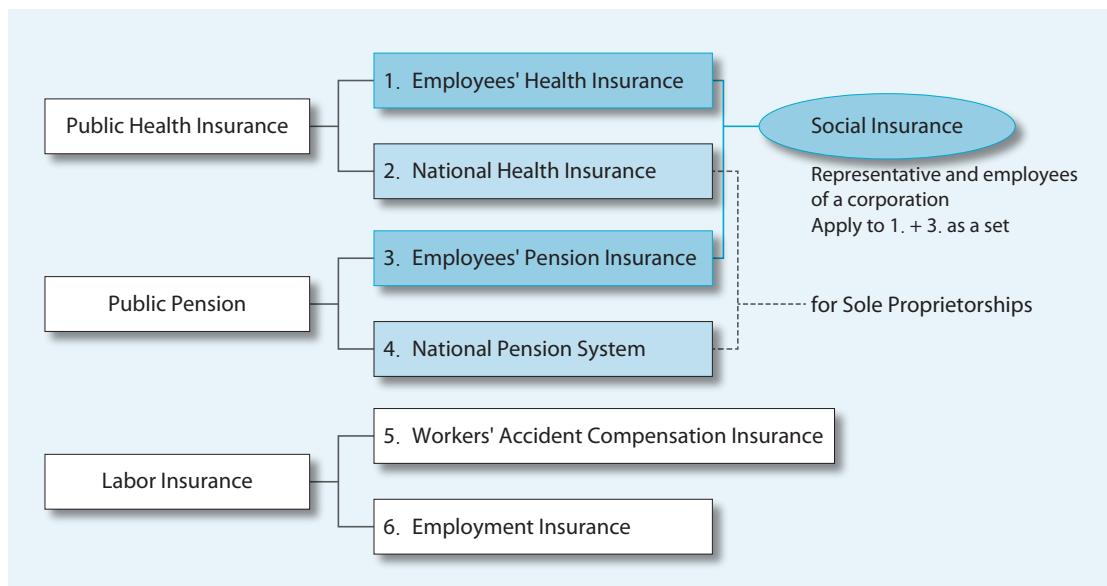
The Japanese public insurance system consists of Health Insurance, Pension, and Labor (Accident, Employment) Insurance. Important points related to these aspects of the public insurance system are described below.

(1) Sole proprietorships and corporations are required to enroll in different health insurance and pension systems. (See p. 8, I. 2).

In principle, sole proprietors and their employees are required to enroll in the National Health Insurance and National Pension System, while corporations are required to have social insurance (Employees' Health Insurance and Employees' Pension Insurance System). Enrollment in the National Health Insurance and Pension System is the responsibility of the individual requiring insurance. Enrollment in the social insurance system is the responsibility of each workplace of the corporation. Subjects of social insurance are permanent employees; however, part-time employees may also require social insurance depending on the number of hours and days worked (See p. 14, I. 6). Individuals listed as representatives and directors of a corporation require social insurance because they are classified as employees of the corporation rather than owners.

(2) Labor insurance consists of Workers' Accident Compensation Insurance and Employment Insurance. There are no differences in the labor insurance requirements between sole proprietorships and corporations. If a proprietor or corporation hires at least one employee, the proprietor or every workplace of the corporation requires labor insurance.

Workers' Accident Compensation Insurance is required for all employees, both permanent and part-time. The requirement for individual Employment Insurance, however, is determined by the period and prescribed working hours of employment of said individual. The employer is responsible for determining whether Employment Insurance is required and for enrollment if required (See p. 12, I. 5, p. 14, I. 6).

Table 1 Public Insurance System

The term "Social Insurance" is used in two ways in Japan. One is referring to public insurance in general and the other is referring to Employees' Health Insurance (1) and Employees' Pension Insurance (3) collectively. It is used in the latter way in this guidebook.

The public insurance system includes many special cases and exceptions. Before determining which public insurance is required, please read the relevant chapters and contact the jurisdictional office listed therein.

The table below gives an overview of public insurance related to the start-up of a business.

Table 2 Public Insurance Required by Employers

	Sole Proprietorships (Fewer than 5 employees)	Corporation
Insured Person		
Proprietor	<ul style="list-style-type: none"> • National Health Insurance • National Pension 	<ul style="list-style-type: none"> • Employees' Health Insurance • Employees' Pension Insurance
Spouse	<ul style="list-style-type: none"> • National Health Insurance • National Pension (Need to bear insurance premium) 	<ul style="list-style-type: none"> • Employees' Health Insurance (Dependent) • National Pension (No need to bear insurance premium)
Regular Employee	<ul style="list-style-type: none"> • Worker's Accident Compensation Insurance • Employment Insurance 	<ul style="list-style-type: none"> • Employees' Health Insurance • Employees' Pension Insurance • Worker's Accident Compensation Insurance • Employment Insurance
Application		
Application for workplaces eligible for the insurance	<ul style="list-style-type: none"> • Labor Insurance Registration Form • Labor Insurance Premiums Estimate Declaration Form • Employment Insurance Covered Office Establishment Report • Notification of New Application for Employees' Health Insurance and Employees' Pension Insurance 	<ul style="list-style-type: none"> • Labor Insurance Registration Form • Labor Insurance Premium Estimate Declaration Form • Employment Insurance Covered Office Establishment Report • Notification of New Application for Employees' Health Insurance and Employees' Pension Insurance
Application for insured person	<ul style="list-style-type: none"> • Employment Insurance Insured Worker Qualification Acquisition Report 	<ul style="list-style-type: none"> • Employment Insurance Insured Worker Qualification Acquisition Report • Employees' Health Insurance/Employees' Pension Insurance Insured Worker Qualification Acquisition Report • Application for Dependent's Coverage

• "Workplaces eligible for the insurance" means workplaces required to enroll in one of the public insurance systems. New companies are required to submit notification to the relevant administrative organ to determine whether they are eligible for the insurance.

• See p. 24, Table 12 and 13 for more details about the procedures and period of application.

2 Public Health Insurance and Pension Overview

~Which insurance is required to start a business?~

Q Is a sole proprietor required to enroll in the National Health Insurance and Pension System, and should a corporate founder that is not planning to hire anyone for the present enroll in the National Health Insurance and National Pension System like a sole proprietor? What is the difference between "Employees' Health Insurance and Employees' Pension Insurance" and "National Health Insurance and National Pension System?"

A Sole proprietors are required to enroll in the National Health Insurance and National Pension System. That is, sole proprietors are not covered by the social insurance system.

Corporations require Employees' Health Insurance and Employees' Pension Insurance. Employees' Health Insurance and Employees' Pension Insurance are intended to assure employees' security of life. That is why they provide benefits for employees who are unable to work due to sickness and injury.

Table 3 Individuals Covered by Public Health Insurance and Public Pension

Type	Insured Individuals	Responsibility
National Health Insurance National Pension System	<ul style="list-style-type: none"> • Sole proprietors and employees • Individuals not insured by social insurance 	Insured Individuals themselves
Social Insurance Employees' Health Insurance Employees' Pension Insurance Note: Employees' Health Insurance and Employees' Pension Insurance are provided as a set in principle, and cannot be chosen separately.	<ul style="list-style-type: none"> • Representatives, full-time executives, and permanent employees • Permanent employees working at a sole proprietorship employing 5 or more permanent employees 	Employer

Individuals covered by Public Health Insurance pay only a certain percentage of the cost of treatment for non-occupational injury or illness. Expenses related to childbirth or the insured individual's death are also reduced.

The Public Pension Insurance System is a form of mutual assistance paid to eligible members and their families to ensure their quality of life after retirement and in the case of disability or death of the eligible member.

Contact

Pensions: Pension Service Office, Local municipal office

Health Insurance: Japan Health Insurance Association (Prefectural Offices), Local municipal office

3

Public Health Insurance for the Dependent Family Members

~What Public Health Insurance is available for dependents?~

Q Is it also possible for family members to be insured as dependents under the sole proprietor or the corporate founder's insurance?

A National Health Insurance covers dependent members of the same household. If dependent family members have separate incomes, the insurance premium will be based on the total income of the household, including the income of said family members. However, Employees' Health Insurance is provided for the person employed at the corporation. To enroll dependent family members in the same health insurance plan, the employee simply needs to submit an application. Dependents are added at no additional charge. Conditions for the enrollment of dependents are shown below.

Conditions for the enrollment of dependents in the Employees' Health Insurance system

Dependents of the insured individual must be dependent on said individual's income to be eligible for enrollment in the insured individual's Employees' Health Insurance. Dependents are required to meet conditions such as maximum annual income limits and dependence on the insured person for maintenance of livelihood (living together or separately, amount of financial assistance from the insured person, etc.). A spouse with an annual income of less than 1,300,000 yen is eligible to be covered as a dependent. Please contact the office below for more detailed information.

Table 4 Health Insurance for Dependent Family Members

Type	System	Insurance Premium
National Health Insurance	Enrolled as a member of the same household	Based on the total income of the household
Employees' Health Insurance	Enrolled as a dependent of the insured person	Insurance premium for the insured person only

Contact

National Health Insurance: Local municipal office

Conditions for dependent family members: Japan Health Insurance Association (Prefectural Offices) or Pension Service Office located in the area where the insured person works

4

Enrollment in and Change of Health Insurance and Pension Plans for Founders

~How do founders enroll in and change health insurance and pension plans?~

Q If an individual who is currently a student covered by National Health Insurance becomes a sole proprietor, who thus requires National Health Insurance, is there any special procedure that needs to be followed regarding insurance?

Does a company employee covered by social insurance who establishes a corporation, and thus requires social insurance need to do or change anything?

A A student who has National Health Insurance doesn't need to do anything if the change from student to sole proprietor does not involve a change of address. Individuals who were granted a special payment system for students during their studies begin paying premiums following graduation. The Japan Pension Service will send a premium invoice.

The social insurance that an employee has ends when employment at the company ends. After said employee establishes a corporation, the corporation needs to be newly enrolled in social insurance.

◆ Special Payment System for Students:

<https://www.nenkin.go.jp/international/english/nationalpension/nationalpension.html>

Every resident of Japan, including foreign residents, is legally obligated to join the National Pension System from the age of 20. However, students are eligible for an postponement of payment.

<For new enrollment>

(1) Sole Proprietors

The application for National Health Insurance and National Pension System should be submitted at the local municipal offices where the individual resides.

(2) Corporations

"Notification of New Application for Employees' Health Insurance and Employees' Pension Insurance" should be submitted to the Pension Service Office in the area where the business is located. Applications for representatives and their dependent family members should also be submitted (See p. 24, I. 9).

• Health insurance carriers are the Japan Health Insurance Association, which provides coverage for small- and medium-size enterprises, and Health Insurance Societies, which provide coverage for major corporations and industries. Generally, the insurance provided by the Health Insurance Societies (*Kumiai Kenpo*) have lower insurance premiums and grant more benefits; however, conditions for enrollment are much more severe, which makes it quite difficult for newly established corporations to qualify. This guidebook, therefore, focuses on enrollment in the insurance provided by the Japan Health Insurance Association (*Kyokai Kenpo*).

<To change insurance plans>

(1) Change from Social to National Insurance

① Employee [Social Insurance] → Sole Proprietor [National Health Insurance]

The application for enrollment in National Health Insurance should be submitted with a certificate of retirement issued by the former employer to the local municipal office in the area where the individual resides. Application for the National Pension System is not required.

Contact : Local municipal office

There are some differences in the documents required depending on the local municipal office.

② Employee [Social Insurance] → Corporate Founder [Social Insurance]

When establishing a corporation, an application for social insurance needs to be submitted for

the corporation as an eligible workplace. Applications for enrollment in social insurance (Employees' Health Insurance and Employees' Pension Insurance) for the founder and eligible dependents also need to be submitted. Even if the individual had been enrolled in social insurance during the previous employment, a new application must be submitted for the new corporation because individual enrollment in social insurance ends with the end of the previous employment.

Contact : Pension Service Office in the area where the new workplace is located.

<Reference>

Application for continuing status as an Insured Person with Voluntary and Continuous Health Insurance Coverage

Individuals enrolled in health insurance for two months or longer prior to the day that employment ends are eligible to continue enrollment in said health insurance for two years after employment ends. In order to qualify, the application must be submitted within 20 days after the date employment ends.

Contact : Submit the application to the previous company you worked for.

The premium for an Insured Person with Voluntary and Continuous Health Insurance Coverage is based on the individual's Standard Monthly Remuneration. To calculate the premium, either the Standard Monthly Remuneration at the time employment at the company ended or the average Standard Monthly Remuneration of persons insured by Employees' Health Insurance (280,000 yen for the Health insurance issued by the Japan Health Insurance Association as of September 2018), whichever is lower, is multiplied by the insurance premium rate. Insurance premiums will also include the employer's contribution. However, dependent family members are still covered at no extra charge.

(2) Change from National Health Insurance and National Pension System for students and sole proprietors

① [National Health Insurance, National Pension System] → Sole Proprietor [National Health Insurance, National Pension System]

If there is no change of address, then nothing is required.

In the case of a student using special payment system for students, the Japan Pension Service will send notification to begin or resume payment after graduation. The premium is then paid afterward. However, those without income are eligible for other exemptions or extensions. Please contact the office listed below.

Contact : Local municipal office (National Pension System Department)

② [National Health Insurance, National Pension System] → Corporate Founder [Social insurance]

As in (1) ② above, a corporation is required to submit notice as an office eligible for social insurance. At the same time, the founder is required to enroll in social insurance (Employees' Health Insurance and Employees' Pension Insurance). The individuals must withdraw from the National Health Insurance System by submitting proof of new health insurance. There is no need to withdraw from the National Pension System because enrollment in social insurance automatically cancels enrollment in the National Pension System.

Contact : Local municipal office in the area where the individual resides (for withdrawal from the National Health Insurance)

Contact

Pension Service Office and local municipal office in the area where the workplace is located

5 Labor Insurance Overview

~What labor insurance is required when employees are hired?~

Q What is labor insurance and is it required when employees are hired?

A Labor insurance consists of "Workers' Accident Compensation Insurance" and "Employment Insurance." Employers are required to have labor insurance when they hire employees. Because Workers' Accident Compensation Insurance covers employees through the workplace, there is no need to apply separately for individual employee coverage. Eligibility for Employment Insurance varies depending on the period of employment and the prescribed working hours of the individual employee. Enrollment requires submission of a notice of eligibility (See p. 24, l. 9).

There are no differences in labor insurance enrollment between sole proprietors and corporations. Workers' Accident Compensation Insurance premiums are borne by the employer and Employment Insurance premiums are born by both the employer and employee at predetermined rates (See p. 21, l. 8).

Workers' Accident Compensation Insurance : The purpose of this insurance is to grant benefits for employment- or commute-related injury, disease, disability or death. The Labor Standards Act stipulates that if a worker suffers injury or illness in the course of employment, the employer shall bear the expense of necessary medical treatment and other requirements. The Workers' Accident Compensation Insurance system was established to ensure that employees receive secure and prompt insurance benefits and to reduce the burden of expense placed on employers. All employers with more than one employee are required to enroll in this insurance (See p. 15, l. 6-1).

However, Workers' Accident Compensation Insurance does not cover all expenses. For example, compensation for absence from work is provided from the fourth day of the absence; therefore, the employer is obligated to cover the first three days at the rate of 60 percent of the employee's average wage.

Employment Insurance : The purpose of this insurance is to provide benefits for workers who are unemployed, who are taking child/family care leave, or who are receiving job-related training. The government provides "Stabilization of Employment" and "Human Resources Development" services (Two Major Employment Insurance Services) including the provision of subsidies and other necessary aid and assistance for employers who take measures to prevent unemployment.

Table 5 Subjects of Labor Insurance (Insured Person)

	Insured Individuals	Responsibility
Workers' Accident Compensation Insurance	All employees Note: In the case of Special enrollment for Workers' Accident Compensation Insurance premiums for small and medium-sized employers, etc., employers, family employees, and directors are all eligible.	Employer
Employment Insurance	Employees meeting predetermined criteria • Details are explained in p. 14, l. 6.	

◆ **Special enrollment for Workers' Accident Compensation Insurance premiums for small and medium-sized employers:**

Labor insurance is for employees; however, it was established for the purpose of providing coverage for family members and directors working in small and medium-sized enterprises as employees. There are slight differences in the determination of insurance premiums and benefits between the insurance for employees and for employers. The requirements are as follows:

(1) Eligible persons and workplaces

Employers of workplaces with 300 * or fewer employees including family employees and directors engaged in the business.

* 50 or fewer employees for financial business, insurance business, real estate business, and retail business. 100 or fewer employees for wholesale business and service business.

(2) Employers with more than one employee and reporting as a covered workplace

(3) Administration of labor insurance should be entrusted to the Labor Insurance Administration Association. **

** Labor Insurance Administration Association is installed at federations or associations consisting of employers of small and medium-sized enterprises including business cooperatives or federations of cooperatives. If the administration of labor insurance is entrusted to certified social insurance labor consultants, related administration associations handle the procedures.

6

Public Insurance for Employees

~ I heard some sole proprietors and part timers are required to enroll in social insurance and labor insurance. ~

Q

Which public insurance is required when hiring employees?

What are the differences in public insurance required for regular and part-time employees hired by a sole proprietor and corporations? Are part-time employees also required to enroll in labor insurance? Is a corporation required to enroll part-time employees in social and labor insurance?

A

First, the case of regular employees: Sole proprietors are required to enroll in labor insurance; and corporate representatives are required to enroll in both social and labor insurance. Second, the case of part-time employees: Enrollment in labor insurance is required for both sole proprietorships and corporations. However, in the case of employment periods of less than 31 days, enrollment in Employment Insurance is not required whereas Workers' Accident Compensation Insurance is. There are some exemptions which will be explained in a later chapter.

○ Obligation to enroll regular employees in insurance

Corporations

Type of insurance required

Social Insurance (Employees' Health Insurance, Employees' Pension Insurance)
--

Labor Insurance (Employment Insurance, Workers' Accident Compensation Insurance)
--

Sole Proprietorships (Hiring less than 5 permanent employees)

Type of insurance required

Labor Insurance (Employment Insurance, Workers' Accident Compensation Insurance)
--

- Sole proprietors are not required to obligate employees to enroll in social insurance nor are they required to bear the cost of insurance premiums. Individual employees are responsible for enrolling in the National Health Insurance and National Pension System.
- In the case of 5 or more permanent employees, sole proprietorships are considered the same as corporations.

○ Obligation to require part-time employees (whose period of employment is 31 days or more) to enroll in insurance

Regardless of the business structure, corporation or sole proprietorship, the required insurance is as indicated below:

Type of insurance required

Labor Insurance (Employment Insurance*, Workers' Accident Compensation Insurance)

- * In the case that the period of employment is estimated to total less than 31 days, the employee is not eligible for Employment Insurance.

Part-time employees who meet prescribed criteria for working hours per day or week, or number of working days per month are treated as permanent employees and required to enroll in social insurance as regular employees.

6-1 Obligation to Enroll in Public Insurance (for different workplaces)

Covered workplaces, subjects of the enrollment of social insurance and labor insurance for employees, are predetermined by business structure, such as sole proprietorship or corporation, and number of employees.

<Social Insurance>

Corporations are required to enroll in social insurance. Therefore, full-time employees are required to enroll.

Sole proprietorships with fewer than 5 permanent employees are not required to enroll in social insurance. With some exceptions (see notes on Table 6), however, sole proprietorships with 5 or more permanent employees are required to enroll.

Sole proprietorships with fewer than 5 permanent employees can also enroll in social insurance if a half or more of the employees agree and the sole proprietor submits an application for enrollment. (This is "voluntary enrollment." See p. 16, <Reference> for more details.)

However, the sole proprietor him/herself cannot be enrolled in social insurance even with 5 or more permanent employees nor the case of eligible workplace for voluntary enrollment.

<Labor Insurance>

Labor insurance is compulsory for all workplaces except sole proprietorships with fewer than 5 employees engaged in agriculture, forestry and fisheries.

Table 6 Classifications of Workplaces Covered by Social and Labor Insurance

Type of Business	Social Insurance	Labor Insurance
Corporation	Compulsory	Compulsory
Sole Proprietorship	Less than 5 permanent employees	Voluntary
	5 or more permanent employees	Compulsory**

* Workplaces engaged in agriculture, forestry and fisheries with fewer than 5 permanent employees can voluntarily enroll in labor insurance.

** Workplaces engaged in specific fields, such as agriculture, forestry and fisheries, barbers and hair salons, hotels, restaurants, law firms, tax accountants, with 5 or more permanent employees can voluntarily enroll in social insurance.

<Reference>

Voluntary enrollment in social insurance

(Employees' Health Insurance, Employees' Pension Insurance)

If one half or more of the total number of permanent employees agree, the employer can apply to the Minister of Health, Labor and Welfare for approval to enroll in social insurance. If enrolled, the employer would have the obligation to pay the premiums just as they would under compulsory enrollment. Employers are not, however, required to apply.

Enrollment in social insurance increases the cost for employers. However, enrollment may also be seen as advantageous because the improvement in benefits for employees leads to the acquisition of better human resources.

In the case that the corporation is not eligible for voluntary enrollment in social insurance, employees need to enroll in and pay for the National Health Insurance and National Pension System individually. If a family member is covered by Employees' Health Insurance, the employee can be covered as a dependent of the family member if he/she meets the requirements.

6-2 Employees Eligible for Insurance

The criteria for public insurance eligibility are explained by a comparison of criteria for part-time and regular employees. There are no differences in business type, such as sole proprietorship or corporation.

<Social Insurance>

Full-time regular and fixed-term employees are the subjects of social insurance coverage. Part-time employees meeting the two requirements shown below are deemed to be permanent employees and required to enroll in social insurance in the same way full-time regular and fixed-term employees are.

- (1) Employees whose working hours per day or week equal or exceed approximately three quarters of the hours of full-time employees*
* Working hours of regular employees are generally set at 40 hours per week, and "approximately three quarters or more" means 30 hours or more per week. However, rather than being strictly calculated, working hours are roughly determined considering the content and form of work. Part-time employees working for 28 hours per week can also enroll in social insurance the same as regular employees working 40 hours per week. Please address questions to the Pension Service Office in the area where the business is located.
- (2) Employees whose working days per month equal or exceed approximately three quarters of the days of full-time employees*

Fixed-term employees whose period of employment is 2 months or less are deemed temporary employees even if they work full time, and are not eligible.

<Labor Insurance>

Regarding labor insurance, Workers' Accident Compensation Insurance is required for all employees while Employment Insurance is only required for those who meet the two requirements listed below.

- (1) Employees who will be employed for 31 or more days.
- (2) Employees whose prescribed working hours per week are 20 or more hours.
 - Employees need to enroll in the Workers' Accident Compensation Insurance; however, employees whose period of employment will definitely be less than 31 days are exempted.
 - Part-time employees who are students and work part time during the daytime are deemed temporary employees and not eligible to enroll in Employment Insurance even if they meet the two above-mentioned requirements.

There are special cases and exemptions other than the above. Please contact the following offices for more details about insurance for employees.

Contact

Social Insurance : Pension Service Office

Labor Insurance : Labor Standards Inspection Office, Hello Work

6-3 Public Insurance for Family Employees, Business Partners, etc.

Q Can family employees enroll in social and labor insurance? What kind of insurance is available for business partners?

A Family employees can enroll in social insurance if the workplace is enrolled and said family employees meet the criteria for working hours and other conditions. Family employees living separately are eligible to enroll in labor insurance. In principle, family employees living with the sole proprietors are not eligible to enroll in labor insurance; however, family employees living with the employer of the corporation may be able to enroll in labor insurance in exceptional circumstances.

Enrollment of business partners in labor insurance differs depending on their status at the corporation; namely, whether they are listed as directors or regular employees.

Family Employees:

- Enrollment in Social Insurance

If the family employee working at a corporation or sole proprietorship eligible for social insurance (with five or more permanent employees or voluntarily applicable) meets the criteria to be eligible for social insurance, he/she is eligible to enroll in social insurance.

- If the family employee at a corporation does not meet the criteria and his/her annual income is less than 1,300,000 yen, he/she is eligible to enroll in social insurance as a dependent of a representative of the corporation (a person enrolled in social insurance). If the family employee at a sole proprietorship does not meet the criteria and the annual income is less than 1,300,000 yen, he/she is required to enroll in the National Health Insurance and National Pension System (See p. 8, Table 3).

- Enrollment in Labor Insurance

Family employees at both sole proprietorships and corporations are eligible to enroll in labor insurance (Workers' Accident Compensation Insurance and Employment Insurance) if said family members live separately from the employers. If the family employee lives with the sole proprietor or corporate representative, he/she is not, in principle, eligible to enroll in labor insurance. However, in the case of corporation, if the said family employee follow the representative's directions and is treated the same as other employees, he/she may be able to enroll in labor insurance as an exception. Exceptions are evaluated by Hello Work on a case-by-case basis.

Non-representative Corporate Directors:

Full-time corporate directors are eligible to enroll in social insurance, but not in labor insurance. In the case that the director is also listed as an employee, he/she is eligible to enroll in labor insurance. However, the final decision is made by Hello Work based on the articles of incorporation, minutes of director's meeting, wage ledger, etc. Therefore, it is necessary to check individually.

Directors and family employees enrolled in the "Special Enrollment for Workers' Accident Compensation Insurance Premiums for Small and Medium-sized Employers (See p. 12, Table 5)" are eligible to enroll in the Workers' Accident Compensation Insurance portion of labor insurance.

Contact

Hello Work, Labor Standards Inspection Office

7

Public Health Insurance, Pension Premiums, and Payment Methods

~I heard there was a difference between the premiums of social insurance and that of the National Health Insurance and Pension System.~

Q How are insurance premiums calculated?

A The Premium calculations for National Health Insurance and National Pension System, and social insurance are based on different factors.

Table 7 Structure of National Health Insurance, National Pension System, and Social Insurance Premiums

	Base Income for Calculation	Rate	Bearer
National Health Insurance	Household income	Determined by individual local governments	Insured person
National Pension System	A fixed amount	A nationally unified amount	Insured person
Social Insurance	Monthly salary and bonus of insured person	Employees' Health Insurance: Determined by individual local governments Employees' Pension Insurance: A nationally unified rate	Shared by insured person and employer

7-1 National Health Insurance Premiums

National Health Insurance premiums are based on the household income for the previous year (January 1 – December 31). Rates differ depending on the area in which the insured individual resides. All local governments in the 23 wards of Metropolitan Tokyo calculate premiums for healthcare, medical care assistance for people aged 75 and over, and long-term care, each of which includes a per-income and per-capita levy.

Example) A family living in Minato Ward of Metropolitan Tokyo:

A sole proprietor, 1 family dependent (spouse) (both younger than 40 years of age *)

Annual Income of the sole proprietor: ¥ 5,000,000 per year (Earnings: ¥ 3,460,000)

Household earnings: ¥ 3,460,000 per year (spouse earns no income), Base amount for calculation: ¥ 3,130,000 (¥ 3,460,000 – ¥ 330,000 predetermined exemption)

Based on the above base amount multiplied by the prescribed rate, the total amount of National Health Insurance premium is calculated to be 400,602 yen per year as shown in the table below.

	Per-Income Levy		Per-Capita Levy		Total
For healthcare	7.32%	¥229,116	¥39,000 × 2	¥78,000	¥307,116
For medical care assistance	2.22%	¥69,486	¥12,000 × 2	¥24,000	¥93,486
For long-term care	1.18%	— *	¥15,600 × 0	— *	— *
Total					¥400,602

* Because both are younger than 40 years of age, they pay no premiums for long-term care.

The national government established upper limits on premiums, which are 580,000 yen for healthcare, 190,000 yen for medical care assistance, and 160,000 yen for long-term care, or a total of 930,000 yen, as of April 2018. The 23 wards of Metropolitan Tokyo adopt these limits; however, some local governments have set lower limits.

The National Health Insurance System does not recognize dependents. Therefore, the system includes the incomes of all dependents in calculating the insurance premium, and the number of dependents is included in the calculation of the per-capita levy for the household. The premiums are paid by the insured person using a payment slip sent by the local government in the area where the insured person resides.

7-2 National Pension Premiums

National Pension Premiums are set at a nationally unified amount. As of April 2018, that amount is 16,410 yen per month. Individuals covered by this plan pay using a payment slip sent by the Japan Pension Service.

7-3 Social Insurance Premiums (premiums for healthcare, long-term care, employees' pension, and child and child care contribution)

(1) Base Income for the Calculation of Social Insurance Premiums

Social insurance premiums are calculated by multiplying the insured individual's Standard Monthly Remuneration based on his/her monthly salary (which includes his/her basic salary, allowances, overtime, and transport allowance) by the premium rate. Bonuses are rounded down to the nearest 1,000 yen (the result is referred to as a "Standard Bonus") and multiplied by the premium rate to calculate insurance premiums. Premiums are divided at fixed percentages and paid by both the insured person and the corporation.

<Calculation of Standard Monthly Remuneration>

Standard Monthly Remuneration is determined by the regular determination based on the salary paid between April and June, and changes in monthly remuneration made when the fixed salary is changed.

- Regular Determination (Notification of determination of base income for calculation)

The Standard Monthly Remuneration of the insured individual between September of the current year and August of the following year as of July 1 is determined by calculating the average monthly remuneration between April and June of the current year and referring to the equivalent classification. The base remuneration for calculation should be reported to the Pension Service Office between July 1 and July 10 every year.

- Occasional Revision (Report of changes in monthly remuneration)

The Standard Monthly Remuneration of the insured person is not, in principle, changed until the next regular determination. However, if the monthly remuneration does change significantly, the reported Standard Monthly Remuneration should also be revised.

Occasional revision is performed for the fourth month from the month when ① the fixed salary changed because of promotion or demotion, ② average monthly remuneration for the three successive months after the fixed salary changes show a gap more than 2 or more levels with the existing Standard Monthly Remuneration.

(2) Employees' Health Insurance Premium Rates

The rate of Employees' Health Insurance premiums differs depending on the local office of the Japan Health Insurance Association. The local office in the area where the workplace has been established determines the rate. Long-term care insurance premiums are added to the premiums when the insured person becomes 40 years of age. Family dependents are not charged for Employees' Health Insurance. The Tokyo Office sets the Health Insurance premium rate at 9.90%, which includes both labor and management, and Long-Term Care Insurance premium rate at 1.57%, as of September 2018.

*Total Employees' Health Insurance Premiums borne by both labor and management per month
=(Standard Monthly Remuneration × Premium Rate) + (Standard Bonus × Premium Rate)**

* in the case where bonus is paid

Premium Rate

*= Health Insurance Premium Rate + Long-Term Care Insurance Premium Rate ***

*** For individuals aged 40 years and over*

(3) Employees' Pension Insurance Premium rate

Employees' Pension Insurance premium rate is nationally unified. The premium rate for both labor and management has been set at 18.3% as of September 2018. Child and Child Care Contribution is completely borne by employers and is based on the Standard Monthly Remuneration used to calculate Employees' Pension Insurance.

*Total Employees' Pension Insurance Premiums borne monthly by both labor and management
=(Standard Monthly Remuneration × Premium Rate) + (Standard Bonus × Premium Rate)**

* in the case where bonus is paid

Premium Rate

*= Employees' Pension Insurance Premium Rate + Child and Child Care Contribution Rate ***

*** Employers need to pay Child and Child Care Contribution.*

(4) Payment of Social Insurance Premiums

Employers pay social insurance premiums at a financial institution or via bank transfer based on the payment slip sent by the Japan Pension Service by the end of the month following the month billed. Social insurance premiums include the premiums to be paid by the employee covered by the Employees' Health Insurance and Employees' Pension Insurance, which are deducted from the employee's salary, and the premiums to be paid by the employer.

8 Labor Insurance Premiums and Payment Methods

～What labor insurance costs are employers responsible for?～

Q How are labor insurance premiums calculated? Are employers required to pay labor insurance premiums every month, as is the case with social insurance premiums?

A Labor insurance premiums are based on the total income, and estimated premiums are paid one year in advance. Because this differs significantly from the social insurance system, employers should take note. Labor insurance premium rates vary depending on the degree of risk for the job. Workers' Accident Compensation Insurance premiums are paid by the employer and Employment Insurance premiums are borne by both labor and management at predetermined percentages.

◆ Total Income:

Annual gross income, including base salary, allowances, overtime, transport allowance and bonus.

Table 8 Labor Insurance Premiums System

	Base Income For Calculation	Rate	Responsibility
Workers' Accident Compensation Insurance	Total Income	Differs depending on the type of job Addition of general contribution	Employer
Employment Insurance		Differs depending on the type of job * * Different classifications from those for Workers' Accident Compensation Insurance Addition of the payment for Two Major Employment Insurance Services for employers	Borne by the insured person and the employer

Detailed explanation will be provided from 8-1 to 8-3 below.

8-1 Workers' Accident Compensation Insurance Premiums

Workers' Accident Compensation Insurance premiums are calculated by multiplying total income by premium rate. Premium rates differ depending on the type of job. The higher the risk is, the higher the premium rate becomes. As of September 2018, the rates are between 0.25% and 8.88% (Table 9). The highest rate, 8.8%, is applied to employees involved in metallic and non-metallic mineral mining or coal mining work. In addition, 0.002% is collected as a general contribution for the victims of asbestos exposure.

**Table 9 Examples of Workers' Accident Compensation Insurance Rates
(excluding the general contribution)**

As of September 1, 2018 (%)

Work Type	Responsibility
Telecommunications, broadcasting, newspaper, and publishing businesses Finance, insurance, and real estate businesses	0.25
Wholesale, retailing, restaurant, and lodging businesses	0.30
Other types of businesses	0.30

Premium rates for other businesses

<https://www.mhlw.go.jp/new-info/kobetu/roudou/gyousei/kantoku/dl/040330-pamphlet.pdf>

(Introduction to procedures to enroll in Labor Insurance p. 17 (19) Reference 2: Table of insurance rate etc. (Fiscal Year 2016 version))

8-2 Employment Insurance Premiums

Employment Insurance premiums are calculated by multiplying total income by premium rates. Insurance premiums for unemployment benefits are borne by labor and management; however, employers are required to pay for Two Major Employment Insurance Services. Premium rates differ depending on type of job. Job classifications for Employment Insurance are different from those for Workers' Accident Compensation Insurance, and are divided into three categories, "General," "Agriculture, Fisheries, and Sake Brewing," and "Construction."

Table 10 Employment Insurance Premium Rate

As of September 1, 2018 (%)

Type of Job	Responsibility for Employer			Responsibility for Employee
	Unemployment Benefits	Two Major Employment Insurance Services	Total	
General	0.3	0.3	0.6	0.3
Agriculture, Fisheries, and Sake Brewing	0.4	0.3	0.7	0.4
Construction	0.4	0.4	0.8	0.4

8-3 Labor Insurance Payment (fiscal year renewal of labor insurance)

Labor insurance premium is paid per year, rather than per month, in advance. Employers are required to pay the estimated labor insurance and Employment Insurance premiums to the end of the fiscal year (March 31), including the amount to be borne by the individual employee, at the time of enrollment in labor insurance. The portion of the Employment Insurance premium to be borne by individual employees is divided into the payment period and deducted from their monthly salaries.

Between June 1 and July 10 of each year, the difference between the final labor insurance premiums for the previous year (from April to March), general contributions for the previous year, and estimated labor insurance premiums for this fiscal year are paid. This is called, the "Fiscal year renewal of labor insurance (*Nendo ko-shin*)."

<Fiscal year renewal of labor insurance>

Payment period: Between June 1 and July 10 of each year

Items to be paid:

- (1) Final labor insurance premiums for the previous year – Estimated labor insurance premiums
= Amount of difference
- (2) General contributions for the previous year
- (3) Estimated labor insurance premiums for the current fiscal year

In the case that estimated labor insurance premium exceeds 400,000 yen, payment can be made in up to 3 installments. Payment can be made through financial institutions (Final Report of Labor Insurance and Application for Labor Insurance Premium Estimate are required), or via bank transfer.



Burden of Social Insurance and Labor Insurance

Q How much will social insurance and labor insurance premiums be?

A As described in I. 7 and I. 8, the base income for calculation is different between social insurance and labor insurance. The social insurance premium has an upper limit. Labor insurance premium rates differ depending on the type of job. Below is an example of the costs.

Example) Social insurance and labor insurance premiums to be borne by employers (annual)
 Employee Mr. A : 25 years of age
 Monthly salary ¥ 230,000/Bonus ¥ 460,000 × 2 (Annual income ¥ 3,680,000)

Employees' Health Insurance:	188,100
Employees' Pension Insurance:	347,700
Child and Child Care Contribution:	11,020
Workers' Accident Compensation Insurance:	11,040
General Contributions:	74
Employment Insurance:	22,080
<u>Total Insurance Premiums to be borne:</u>	<u>¥ 580,014</u>

Annual costs for the employer hiring Mr. A
 Monthly salary + bonus: 3,680,000 (535,800 to be borne by Mr. A included.)
Insurance premiums to be borne by the employer: 580,014
Total: ￥ 4,260,014

Table 11 List of Social Insurance and Labor Insurance Premium Rates for Mr. A

As of September 1, 2018 (%)

Insurance Name	Target Salary	Premium Rate		Remarks
		Employee's Responsibility	Employer's Responsibility	
Employees' Health Insurance	<ul style="list-style-type: none"> • Standard Monthly Remuneration • Standard Bonus 	4.95	4.95	Japan Health Insurance Association Tokyo Office
Long-Term Care Insurance (40 years of age or over)		0.785	0.785	
Employees' Pension Insurance	<ul style="list-style-type: none"> • Standard Monthly Remuneration • Standard Bonus 	9.15	9.15	
Child and Child Care Contribution		None	0.29	
Workers' Accident Compensation Insurance	Total Salary	None	0.3	Premium rate is for "other business"
General Contribution			0.002	
Employment Insurance		0.3	0.6	Premium rate is for "general business"
Total Insurance Premium Rate		15.185	16.077	

• Social insurance enrollment is not compulsory for sole proprietorships with fewer than five employees. Only the labor insurance needs to be considered.

9

Notification of Public Insurance Enrollment

~ What procedures do employers follow to enroll the workplace and employees in public insurance? ~

When establishing a business, employers are required to submit a Notification of Application as a workplace (or Notification of Establishment) for both social and labor insurance, as well as a Notification of Enrollment for the employer and employees (Notification of Acquisition of Qualification).

Table 12 Submission of Application for Social and Labor Insurance for the Workplace

	Application to be submitted	Due Date	Where to submit
Social Insurance	Notification of New Application for Employees' Health Insurance and Employees' Pension Insurance	Within 5 days after becoming a corporation or sole proprietor covered by the insurance/pension	Pension Service Office in the area where the workplace is located
Labor Insurance	Labor Insurance Registration Form	Within 10 days after hiring one employee	Labor Standards Inspection Office in the area where the workplace is located
	Labor Insurance Premium Estimate Declaration Form	Within 50 days after hiring one employee	Pay premiums via electronic transfer to or in person at the Prefectural Labor Bureau in the area where the workplace is located
Employment Insurance	Employment Insurance Covered Office Establishment Report	Within 10 days after hiring one employee	Hello Work in the area where the workplace is located

- Corporations are required to attach a copy of the Company Register, and sole proprietors are required to attach a copy of the Family Register which includes all members of the household as well as a wage ledger, roaster of employees, and other documents as needed. The required documents differ depending on the local government office where the business is located. Please check what is required before submission.

Table 13 Notification of Application of Social Insurance and Employment Insurance

	Application to be submitted	Due Date	Where to submit
Social Insurance	Employees' Health Insurance/ Employees' Pension Insurance Insured Worker Qualification Acquisition Report	Within 5 days from the relevant day	Pension Service Office or the Center in the area where the workplace is located (via postal services)
	Application for Dependent's Coverage	Within 5 days from the transfer	Pension Service Office or the Center in the area where the workplace is located (via postal services)
Employment Insurance	Employment Insurance Insured Worker Qualification Acquisition Report	Until the 10 th of the month following the month in which the relevant date falls	Hello Work in the area where the workplace is located

- The applications and notifications listed above should be submitted with the notification of the eligibility of the workplace at the time of the establishment of the workplace. The notification for employees employed after starting the business should also be submitted in the same way.

10 Resignation of Employees

~ What must an employer do about social insurance when an employee resigns? ~

The table below shows what an employer must do about social insurance when an employee resigns.

Table 14 Procedures for Social Insurance when an Employee Resigns

	Application to be Submitted	Due Date	Where to Submit
Social Insurance	<ul style="list-style-type: none"> • Notification of Withdrawal from Employees' Health Insurance and Employees' Pension Insurance • Health Insurance Certificate 	Within 5 days from the day following the resignation	Pension Service Office or the Center in the area where the workplace is located (via postal services)
Employment Insurance	<ul style="list-style-type: none"> • Notification of Withdrawal from Employment Insurance • Certificate of Resignation for Employment Insurance 	Within 10 days from the day following the resignation	Hello Work in the area where the workplace is located

- Upon the submission of the Certificate of Resignation for Employment Insurance at Hello Work, a Letter of Resignation for Employment Insurance is issued, which is important for receiving unemployment benefits. The employer must deliver this to the resigning employee immediately after receiving it.



Public Insurance for Branch Offices and Representative Offices of Foreign Companies

(1) Branch Offices

Branch offices are deemed corporations and required to enroll in social insurance. The representative of a branch office in Japan is required to enroll in social insurance, but as is the case with the representative of a corporation, is not, in principle, eligible for labor insurance.

(2) Representative Offices

Representative offices are deemed sole proprietorship business offices. In the case of employing less than five permanent employees, said representative office can voluntarily enroll in social insurance. The representative of said representative office is not, in principle, eligible for either social insurance or labor insurance.



International Agreement, Social Security Agreement for Public Pensions

Along with the increase in employment across international borders, the issue of public pensions between countries became problematic. To address this issue, bilateral agreements were established to prevent double enrollment in public pension systems and promote the aggregation of pension enrollment periods. The targets of this agreement are expat employees temporarily dispatched (for a period of five years or less) to signature countries. Such individuals enroll in the public pension system of their home countries, rather than the pension system of the country of destination.

Unfortunately, however, foreign residents who start a business or are hired in Japan are required to enroll in the Japanese Public Pension System. The period during which the individual is enrolled in the Japanese Public Pension System is added to the period the individual has been enrolled in the pension system of his/her country of origin. If the total period of enrollment between Japan and the country of origin exceeds the period required to receive a pension (10 years as of September 1, 2018), the individual will receive pension payments for the period of enrolled in Japan.

Partner countries in the bilateral agreement on public pension as of September 2018 are Germany, the United Kingdom*, Korea*, the United States, Belgium, France, Canada, Australia, Netherlands, Czech, Spain, Ireland, Brazil, Switzerland, Hungary, India, Luxemburg, the Philippines

*Japan has not entered into an agreement on the aggregation of pension enrollment periods with the UK and Korea.

Details: <http://www.nenkin.go.jp/international/english/international/socialsecurity.html>



International Agreement, Partial Refund after Withdrawal from the National Pension System and Employees' Pension Insurance

Foreign residents in Japan who have been enrolled in the National Pension System or Employees' Pension Insurance for six months or more before are eligible to submit a claim for partial refund of their contribution to the pension plan within two years from the day they stop being resident in Japan. However, the dependent spouse of said foreign residents who enrolled in the Employees' Pension Insurance cannot submit a claim for partial refund.

The claim for partial refund after withdrawal from the pension plan can be claimed by the insured person, not by a corporation or employer.

Partial refund after withdrawal from the pension plan is calculated according to the period of enrollment in Japan, up to 36 months. Upon receipt of the partial refund after withdrawal from the pension plan, the enrollment period is also deleted from the record. Individuals should, therefore, be aware that receipt of a refund means they will not be able to combine the period of enrollment in the Japanese pension system with enrollment in the pension system of their home country.

Details: [\(in 11 languages\)](https://www.nenkin.go.jp/service/jukyu/sonota-kyufu/dattai-ichiji/20150406.html)

II. Employment Management

1 Japanese Laws and Regulations regarding Employment

Sole proprietorships and corporations are subject to procedures for employment management. This chapter explains employment management from recruitment to retirement for small-size workplaces employing fewer than 10 employees.

~ What are the laws and regulations regarding employment in Japan? ~

Japan stipulates minimum standards for working conditions through many labor-related laws and regulations such as the Labor Standards Act.

These labor-related laws and regulations apply to all employers and employees in Japan, regardless of nationality.

Japanese Labor-Related Laws and Regulations:

Labor Standards Act, Labor Contracts Act, Industrial Safety and Health Act, Minimum Wage Act, Part-Time Employment Act, Child Care and Family Care Leave Act, Equal Employment Opportunity Act for Men and Women, Act for Stabilization of Employment of Older Persons, Worker Dispatching Act, etc.

Even with the consent from employees, employers cannot stipulate working conditions that do not meet conditions stipulated by these laws and regulations. It is, however, possible for employers and employees to enter into Labor-Management Agreements, which reflect employee opinion, to allow exceptions to the Labor Standards Act. Agreement under Article 36 of Labor Standards Act, known as the “36 Agreement” stipulating overtime work and work on holidays is an example.

Labor-Management Agreement:

Some of the stipulations of laws and regulations may be canceled or eased through Labor-Management Agreements. For example, while law stipulates that working hours not exceed 40 hours per week, eight hours per day, a Labor-Management Agreement allows overtime work exceeding this. On the other hand, however, overtime work is not permitted without such a Labor-Management Agreement.

Labor-Management Agreements are entered into between the employer and the labor union composed of a majority of employees or between the employer and a representative of a majority of employees if there is no labor union. The employee representative must be:

1. An individual who is not in a position of supervision or management, or
2. An individual who is elected by democratic process such as secret ballot or a show of hands after a clear statement announcing the selection of an individual to represent employees in a Labor-Management Agreement.

2 Preparation and Procedures for Hiring

~ What is required for the hiring of employees? ~

General schedule from job offering to employment is shown below.

Table 15 Example of Schedule from Job Offering to Employment

	Content
Recruitment	Deciding recruitment conditions
	Checking legal standards for recruitment
	Selecting methods of recruitment
Selection	Screening of applications
	Written examination (not essential)
	Interview
	Hiring decisions
Hiring	Notifying the selected individuals of their informal appointment (also notifying the individuals who are not selected)
	Indicating working conditions, Confirm with employee, Issuing legal documents (Notice of Employment or Labor Contract)
Preparation	Accepting the required documents from newly hired individuals
	Preparing roaster of employees, wage ledger, and attendance record
	Enrollment in social insurance and labor insurance
	Submission of the Status of Non-Japanese Employment
Health and Safety	Providing medical examination for employment

3 Recruiting

~What items do working conditions include?~

Q What must employers consider when recruiting employees?

A Employers must provide potential employees with a job description, and clearly indicate the contract period and working hours. Employers must keep in mind that they are prohibited from setting upper age limits or denying employment based on gender and that they are required to treat personal information received from potential employees as confidential.

3-1 Informing Potential Employees about the Working Conditions for the Advertised Position

The Employment Security Act stipulates matters to be indicated to job seekers, Hello Work, and employment agencies. Table 16 provides an example of the conditions to be indicated.

Table 16 Example of Employment Conditions

Item	Example/Details	Remarks/Reference
Job Description	Office work, sales, web design, etc. Location of work	
Experience, Qualifications, etc. (if necessary)	More than 3 years' office/sales experience, Web design skill test level 2 or higher, TOEIC score of 900 points or higher, etc.	Not stipulated by law
Employment Status	Full-time, part-time, (fixed-term) contracted employee, etc.	See glossary p. 2
Working Day	3 days per week, 5 days per week, Mondays and Thursdays, etc.	
Probation Period	Length, labor conditions different from permanent employment	
Working Hours	Start and finish times, overtime work, breaks, de facto working hours in the case of applying discretionary working hour system	
Holidays	Days off, paid leaves, special holidays, etc.	
Wages	Monthly, daily, or hourly wage, indication of the number of overtime working hours, wage, and basic wage excluding fixed overtime work wage in the case of applying fixed overtime work wage, etc.	
Benefits	Social insurance, labor insurance, etc.	I. Public Insurance

- Do not falsify or exaggerate employment conditions.
- Employers are required to provide newly hired individuals with a copy of working conditions upon hiring (See p. 31, II. 4-1).

3-2 Recruiting Reminders

(1) Handling Personal Information Obtained from Potential Employees

Personal information obtained from potential employees is to be collected, stored, and used solely for the purposes of employee selection. Employers are prohibited from soliciting information on race, ethnic background, social status, family origin, registered domicile, place of birth, or other information that may cause social discrimination, ideas and creeds, and enrollment status in labor unions.

(2) Age Discrimination

Employers are prohibited from discriminating against potential employees based on age.

(3) Gender Discrimination

The Equal Employment Opportunity Act prohibits discrimination based on gender. It is prohibited, for example, to limit temporary or part-time job offers only to men, or women, or to post advertisements stating "Men welcome" or "Work for women."

3-3 Recruiting

There are many ways to advertise job offerings.

1. Word of mouth through friends or acquaintances
2. Listing with public institutions such as Hello Work (free of charge) *
3. Posting in newspapers and employment magazines, on websites, etc. (common).
4. Posting with employment agencies (for full-time employees)
5. Posting on the company website
6. Posting at universities

*Hello Work confirms the work conditions, enrollment in social and labor insurance, etc. before posting.

For more detailed information on the procedures for listing job offerings.

https://www.hellowork.go.jp/enterprise/job_offer.html (Japanese)

4 Hiring

～What is required after making a hiring selection?～

Q What is required to employ a foreigner whose resident status permits working as a part-time employee for three days per week if the job ends in about a year and the first three months are a probation period?

A Employers are required to confirm that the job description and period of employment are consistent with the potential employee's visa status. After hiring said individual, the employer submits a Notification of Foreign National Employment Status to Hello Work. With this exception, there is no difference between hiring Japanese and foreign nationals. Employers are required to indicate working conditions when the individual is actually hired. Working conditions may be changed from those indicated at the job offering; however, any changes must be clearly indicated immediately. In addition to working conditions, other relevant conditions must be announced to part-time and fixed-term contracted employees. As is often the case, a probation period may be set. However, this does not mean that employers can easily cancel employment during the probation period. Part-time employees whose prescribed working hours exceed 20 hours per week are required to enroll in Employment Insurance from the beginning of the probation period.

4-1 Indication of Working Conditions

The Employment Security Act requires the employer clearly indicate working conditions when recruiting employees.

The employer is also required to indicate working conditions when entering into a labor contract with employees (Article 15 of the Labor Standards Act, Article 6 of the Part-Time Employment Act).

Table 17 Indication of Working Conditions (Article 15 of the Labor Standards Act)

Matters to be indicated in writing
(1) Matters regarding the period of labor contract (2) Location of work, Work to be engaged in (3) Matters regarding working hours a) Start and finish times, Breaks b) Labor exceeding prescribed working hours c) Matters regarding division of employees into two or more shifts d) Holidays e) Leave (Paid leaves, Special holidays, etc.) (4) Matters regarding wages a) Wages (including the classification of monthly, daily, hourly wages) b) Allotment amount or calculation method of allowances (including premium wages) c) Closing for wages, Payment day and method d) Matters regarding pay raises (5) Matters regarding resignation (including the reasons)

- Matters regarding pay raises may be announced orally. (However, matters regarding pay raises should be indicated in writing for part-time employees.)
- Retirement allowance and bonus are discretionary provisions. In the case that they are determined, they must be indicated. (Oral indication is also acceptable.)

II. Employment Management

The format of the document to be issued is not prescribed. Any format, such as the Notice of Employment shown below, or the Labor Contract signed by both employer and employee is acceptable as long as the matters to be indicated are included. However, since period of labor contract, work location, work to be engaged in, wages, etc. are not included in the Work Rules (See p. 37, II. 7), they are to be indicated separately in writing.

In the case that labor conditions shown at recruitment is changed at the application, employers are required to either (1) issue a document explaining the changes or (2) clearly indicate the changes with underlines or highlights in the Notification of Labor Conditions.

○ Special case of information that employers are required to provide to part-time employees

Employers are also required to inform part-time employees in writing whether or not they are eligible for pay raises, bonuses or a retirement allowance (Article 6 of Part-Time Employment Act).

○ Matters to be indicated in fixed-term employment contracts

In regard to fixed-term contracted employees, employers are also required to indicate the possibility of contract renewal and the criteria for renewal or non-renewal.

Table 18 Example of Indication of Contract Renewal, etc.

Example of indication of contract renewal	Example of indication of criteria for renewal or non-renewal
(1) Automatically renewed (2) Renewal possible (3) Non-renewable	(1) Amount of work being performed at the end of the contract period (2) Work-related achievements and attitude (3) Work-related ability (4) Financial state of the corporation (5) Progress of the work engaged to perform

○ Shifting to Indefinite-term Employment from Fixed-term Employment

In the case of fixed-term employees, regardless of part-time or full-time employment status, whose fixed-term employment contract has been renewed repeatedly for a total of five years and who wish to shift to indefinite-term employment, employers must shift their employment to indefinite-term employment.

A sample of the Notice of Employment form is posted on the official website of the Ministry of Health, Labor and Welfare in several languages.

<http://www.mhlw.go.jp/new-info/kobetu/roudou/gyousei/kantoku/040325-4.html> (English)
-1.html (Spanish)
-2.html (Tagalog)
-3.html (Portuguese)
-5.html (Chinese)
-6.html (Korean)
-7.html (Indonesian)
-8.html (Vietnamese)

4-2 Probation Period

Many employers set a probation period to assess the ability and aptitude of new hires for regular employment. However, in the case that the employer decides to dismiss or not retain the newly hired employee as a regular worker after said individual has been working 14 or more days, even within the probation period, the employer is required to provide at least 30 days' notice prior to the end of employment, or pay an amount greater than the equivalent of 30 days' average wage in lieu of said 30-day notice (See p. 52, II. 14-3).

There is no stipulation regarding the length of the probation period; however, it is usually between

three and six months. In some cases the period may even extend up to one year. When setting a probation period, it is necessary to clearly indicate the period, reasons for dismissal or non-retention as a regular worker during the probation period, and include in the Notice of Employment (or Labor Contract), and Work Rules.

If each requirement is satisfied, employees are required to be enrolled in the social insurance and Employment Insurance during the probation period. Enrollment takes place before regular employment.

4-3 Notifications regarding Employment of Foreign Residents

When hiring foreign residents, employers are required to confirm that the resident status permits the individual to be hired for the job and submit a Notification of Foreign National Employment Status (stipulated by the Employment Measures Act) to the Minister of Health, Labor and Welfare (Hello Work). Regardless of the employment contract, all foreign residents engaged in work under the direction of an employer are deemed employees. In addition, corporate directors who are not the subjects of the Notification of Foreign National Employment Status are also asked to submit a Notification of Acceptance of Mid- to Long-Term Residents in accordance with the stipulations of the Immigration Control Act.

(1) Confirmation of Resident Status and Period

When hiring foreign residents, employers are required to confirm that the job description and period of employment are permitted by the individual's visa status. Employers are also required to confirm that students from abroad have obtained permission to be involved in activities outside their resident status. Employers should verify the above by checking the potential employee's resident card or passport. Hiring foreign residents that do not meet the above requirements may be punished by a prison term of not more than three years and a fine of not more than 3 million yen.

(2) Notification of Foreign National Employment Status

Employers are required to submit the Notification of Foreign National Employment Status, including the name, resident status and period of the relevant foreign resident employee at their employment and resignation, to the Ministry of Health, Labor and Welfare (or Hello Work). Employers who fail to submit notification or submit false information are subject to a fine of not more than 300,000 yen.

All foreign resident employees, excluding special permanent residents and those whose resident status is "Diplomat" or "Official" are subject to this notification. Part-time employees, student part-time employees, and family employees are also included. Individuals with the status of "Business Manager" but are also in employee positions are also included.

Q&A for the Notification of Foreign National Employment Status

<http://www.mhlw.go.jp/bunya/koyou/gaikokujin-koyou/dl/qanda.pdf> (Japanese)

(3) Notification of Acceptance of Mid- to Long-term Residents

Notification of the Mid- to Long-term Residents for foreign executives and sole proprietors, such as a representative director of the corporation, must be submitted to the Minister of Justice (regional immigration bureau/Tokyo Regional Immigration Bureau) within 14 days of the start or end of acceptance. No notification is required for foreign resident employers, executives, and sole proprietors whose resident status is "Spouse or Child of a Japanese National," "Spouse or Child of a Permanent Resident," "Permanent Resident," "Long-term Resident," or "Special Permanent Resident".

Notification of the Employment of Mid- to Long-Term Foreign Residents

http://www.moj.go.jp/nyuukokukanri/kouhou/nyuukokukanri10_00017.html (Japanese)

5 Preparation for Employment

～What is required when hiring a new worker?～

Q What is required before a foreign national part-time employee begins work?

A Regardless of a potential employee's nationality, the employer needs to follow the same procedures. If the employee's prescribed working hours exceed 20 hours, it is necessary to enroll the employee in Employment Insurance. In addition, roaster of employees, wage ledger, and attendance book are necessary. These three records are required when the Labor Standards Inspection Office, Japan Pension Service, or other authority carry out inspections.

5-1 Documents to be Submitted by Employees

Employees are required to submit the following documents:

1. A pledge (compliance to regulations, confidentiality obligation)
2. Certificate of Items Stated in Resident Register
3. Report of Exemption for Dependents
4. Commute Route (for those who receive allowance for transport)
5. Bank Account information for Salary Payment (also used as the agreement on bank transfer for salary)
6. Pension Handbook (for the spouse too if the spouse is a dependent)
7. Employment Insurance Card (if the person had been enrolled in Employment Insurance in the previous job)
8. Certificate of Tax Deduction (if the person has employment income in the year said person joined the current corporation)
9. A copy of licenses (if the license is necessary for the job)
10. Individual Number (Social Security or Tax Number)

5-2 Three Documents Designated by Law

Employers are required to create and store three documents designated by law, roaster of employees, wage ledger, and attendance book. When administrative institutions carry out inspections, these three documents are required.

● Roaster of Employees

Regardless of status as regular, full-time contracted, or part-time employee, employers are required to create a roaster of employees for all employees. Items to be included in the roaster of employees are stipulated by law as follows.

1. Name
2. Date of birth
3. Gender
4. Address
5. Type of job (not necessary for workplaces with less than 30 employees)
6. Date of employment
7. Date of and reason for resignation (include reason if the employee was dismissed)
8. Date of and cause of death

● Wage ledger

1. Name
2. Gender
3. Period of wage calculation
4. Number of working days
5. Number of working hours
6. Number of overtime hours
7. Number of holiday working hours
8. Number of late-night working hours
9. Base salary, allowance, and other wages, and the amount of each
10. Amount deducted

● Attendance Book

The format is not prescribed. The attendance book is used to confirm the number of hours listed in items 4 to 8 in the Wage ledger. Time card, IC card, and self-certification are accepted.

5-3 Enrolment in Social Insurance and Employment Insurance

When hiring employees that meet the requirements for enrollment in social insurance and Employment Insurance, employers are required to enroll them in these insurances immediately. Details of the procedures are shown in p. 24, Table 12, Table 13.

6 Japanese Labor Law and Practice

～What is Japanese labor management?～

Q When hiring employees, what should the employers consider?

A Table19 shows basic labor management from recruitment to resignation in accordance with the Japanese labor law and practice.

Table 19 Basic Labor Management

Item	Point
Rules of Employment	Rules for the workplace, required for businesses with 10 or more employees.
Wages	Five principles of salary payment (cash, direct, whole amount, every month, certain date)
Working hours, Breaks, Holidays	Statutory working hours: 40 hours/week, 8 hours/day Work break: 45 minutes/6 hours Holidays: 1 day/week
Overtime work, Holiday work, Late-night work	36 Agreement Premium wages: 25% for work outside the working hours, 35% for holiday work, 25% for late-night work
Annual Paid Leaves	10 days after the 6 th month of employment, prorated for part-time employees
Other Leaves	Leaves for the exercise of civil rights, Leaves for maternal healthcare
Child Care, Family Care Leave	Child care leave (for children up to 1 year of age), Family care leave (93 days)
Safety and Health	Obligation to ensure safety in the workplace, Health examination
Resignation, Retirement, Dismissal	Retirement at 60 years of age, 30-day advanced notice for dismissal, Procedures for resignation
Individual Labor-Management Disputes	Labor Consultation Desk, Industrial tribunal system

7 Work Rules

~ What is the difference between Work Rules and Working Conditions that are created for recruitment? ~

Q While employers are required by law to clearly state working conditions when hiring, is it also necessary to have an established set of Work Rules for a new business with only a small number of employees?

A In principle, employers are required to have an established set of Work Rules if they employ 10 or more workers, regardless of whether those employees are regular or part-time. Work Rules stipulate working conditions and other rules for employees precisely. If there are no Work Rules, the Labor Contract (Notice of Employment) is used as an alternative.

7-1 Matters to be Stipulated by Work Rules

Work Rules stipulate working conditions such as working hours and wages, and other rules to be followed by employees for administrative reasons. In the case that the Work Rules are known and understood by employees, the regulations are deemed the equivalent of Labor Contract which control both labor and management. Article 89 of the Labor Standard Act stipulates the matters to be included in the Work Rules as follows:

Table 20 Matters to be Included in the Work Rules

Matters to be Included	Content	Items
Matters that must be included	Working hours	① Start and finish times ② Breaks ③ Holidays ④ Leaves ⑤ Work shifts, if applicable
	Wages	① Determination and calculation of wages ② Method of payment ③ Closing for wage calculation and payment date ④ Pay raises
	Resignation	Dismissal and resignation (including the reasons for dismissal)
Matters to be included if applicable	① Retirement allowance (range of eligible employees, determination, calculation, payment of retirement allowance, payment time) ② Temporary wages (bonus, etc.) ③ Matters regarding commendations and sanctions ④ Matters regarding other stipulations that apply to all employees	
Matters to be voluntarily included	① Service discipline ② Management principles, etc.	

II. Employment Management

7-2 Obligation to Establish Work Rules

Employers with 10 or more employees stationed at one specific workplace are required to submit the Work Rules to the competent Labor Standards Inspection Office. Employees include temporary and part-time employees. While not required, Work Rules are also recommended for workplaces with fewer than 10 employees.

7-3 Procedures for Establishing Work Rules

Below are the required procedures for establishing (or changing) Work Rules.

(1) Hearing of Opinions

While employers have the authority to establish and change Work Rules, they are required to seek and consider employee opinions through representatives of the majority of employees at the relevant workplace (a labor union representative if said labor union membership includes a majority of the employees). The purpose is to reflect employee opinions to regulations; however, this does not mean that the employer requires consent from said representatives for the establishment or change of Work Rules. Employers are only obligated to include a document that describes the opinions of the representatives with the Work Rules submitted to the competent Labor Standards Inspection Office.

(2) Submission

Employers are required to submit Work Rules and changes thereto to the competent Labor Standards Inspection Office with a report of the opinions of the employee representative. Said report must include the signatures or be stamped by the official seals of said representatives.

(3) Informing Employees about the Work Rules

Employers need to inform employees about the Work Rules as shown below.

The Work Rules that are not made available to employees are not deemed legally effective.

1. Posting or otherwise making the Work Rules available in the workplace
2. Handing out to individual employees
3. Recording on magnetic tape, magnetic data, or its equivalent to allow employee access to the content at any time.



Work Rules for Part-Time and other Employees

Work Rules may be allied to part-time and fixed-term contracted employees; however, it is also possible to stipulate separate Work Rules for part-time and fixed-term employees. In order to apply separate Work Rules for such employees, it is recommended that the opinions of a representative of a majority of the part-time or fixed-term contracted employees be sought.

8 Wages

~What are the rules for the determination of wages?~

Q What is required for the determination of wages and method of payment for part-time employees?

A Each prefecture has the authority to set minimum wage and employers must be familiar with it. Employers must consider if they provide transport allowances and other benefits or not. It is also be stipulated that full payment be made directly to the employee in cash.

8-1 Five Principles of Payment

Article 24 of the Labor Standards Act stipulates following five principles:

Table 21 Five Principles of Wage Payment

Five Principles	Content and Cautions
1. Cash Payment	Wages are paid in cash, not by actuals, check, or foreign currency. Direct deposit to the employee's bank account is possible with the express permission of the employee.
2. Direct Payment	Wages are handed directly to the employee. Payment through a substitute or mediator is not allowed.
3. Full Payment	Wages are paid in full. Items to be deducted are as follows: <ul style="list-style-type: none"> • Income tax, resident tax, social insurance premiums and other items stipulated by law. • Items to be deducted from wages in accordance with Labor-Management Agreements Reduction in wages due to absence, tardiness, or early departure is allowed in accordance with the <i>no work, no pay</i> principle.
4. Payment at least once per month	Wages are paid at least once per month Paid at least once per month even if the employee is on an annual salary.
5. Payment on a fixed date	Wages are paid on a predetermined date. Said predetermined date must be a specific date each month such as the "25 th ". It is not possible to determine a given day such as "the third Friday of the month" as a predetermined date. In the event that the payment date is a holiday, the company can make the payment of wages either one day earlier or later as predetermined. (Many companies make a payment of wages one day earlier.)

8-2 Bonuses

Many corporations in Japan provide bonuses in summer (June or July) and in winter (December). Bonuses often boost employee morale and promote their settlement. However, bonuses are not required by law. If the employer is planning to provide bonuses, it is necessary to add the stipulation to the Notice of Employment and Work Rules.

8-3 Resignation and Retirement Allowances

Resignation and retirement allowances are also not required by law. If the employer decides to provide them, it is necessary to add the stipulation to the Notification of Working Conditions and Work Rules. Once stipulated, however, it is difficult to change the system; and they must be provided once stipulated regardless of the financial status of the business at the time. This may create a significant future risk for a small enterprise. Therefore, it is necessary to consider resignation and retirement allowances carefully.

8-4 Transport Allowances

Many corporations provide transport allowances to employees in Japan. This is also not required by law; however, it is common practice. Transport allowances are usually provided to permanent employees in the form of commuter passes for buses and trains. Provision of the actual cost of transport for each day of work is common for part-time employees who come to work on a limited number of days.

8-5 Minimum Wage

Minimum wages are set by each prefecture as “regional minimum hourly wages” for all jobs and “specific minimum hourly wages” for specific industries. If both are applied, the higher minimum wage applies.

In Tokyo, for example, the regional minimum wage is 985 yen, and the specific minimum wage is 871 yen for the steel industry. The regional minimum wages in the Kanto District are 983 yen in Kanagawa, 895 yen in Chiba, and 898 yen in Saitama (as of October 2018).

Minimum wages have been increasing each year. Employers must be familiar with these matters when determining the wage.

- (1) Minimum wages are applied to all employees, including temporary and part-time employees.
- (2) Even if the employees agree on working at a wage lowering the minimum wage, the agreement is ineffective and the employees can demand payment of the minimum wage.

8-6 Allowance for Absence from Work

In the case that an employee is prevented from working for reasons attributable to the employer, the employer is required to pay 60% or more of the average wage to the employee (Article 26 of the Labor Standards Act).

The reasons attributable to employers are deemed outside force majeure, which is defined as natural disaster and other overwhelming circumstances beyond the employer's control. For example, managerial failures that lead to a lack of materials, difficulties in procuring materials or funding are also deemed reasons attributable to employers.

9 Working Hours, Breaks, and Holidays

~Rules for working hours, including special cases and exceptions ~

Q Is it permitted to ask employees to work on Saturdays and Sundays to accommodate the needs of overseas corporations?

A It is permissible if the number of working hours falls within the range stipulated by law. If the hours exceed the limit, it is necessary to enter a Labor-Management Agreement stipulating overtime and holiday work. Law stipulates upper per-week and per-day limits as well as breaks and holidays.

9-1 Statutory Working Hours

Labor Standards Act stipulates that employees may not be compelled to work in excess of 40 hours per week or 8 hours per day, excluding breaks (Article 32 of the Labor Standards Act). Violation of these provisions shall be punished by a penalty of imprisonment for a maximum of six months or a fine of up to 300,000 yen.

Please see p. 44, II. 10 for details in the event employees agree to work overtime.

◆ Exception to the 40 hour/week stipulation – Workplaces eligible for special provisions:

As an exception to the 40-hour/week stipulation, the law sets the maximum number of hours/week at 44 for workplaces with fewer than 10 employees, including part-time employees, engaged in commercial, movie and play, health and hygiene, and service and entertainment. However, even in such cases, the maximum permissible hours per day is eight hours.

9-2 Work Breaks

Employers are required to provide employees at least 45 minutes' break time during working hours when the number of hours worked is scheduled to or does in fact exceed six hours, and at least one hour when the working hours exceed eight hours. The work break should be provided to all employees at the same time (Article 34 of the Labor Standards Act).

9-3 Holidays

Employers are required to provide employees with at least one day off per week (Article 35, Paragraph. 1 of Labor Standards Act). Holidays need not be provided to all employees at the same time, which allows employers flexibility in scheduling days off. "Per week" generally means from Sunday to Saturday. Instead of providing one day off per week, employers may provide four or more days off during four weeks (Article 35, Paragraph 2 of Labor Standards Act).

Although the law stipulates one day off per week, many corporations have two days off per week. National holidays are usually observed by many corporations; however, there are no provisions that stipulate that employers must observe national holidays.

II. Employment Management

9-4 Flexible Working Hour Systems

Q Are there exceptions to the maximum number of hours allowed to accommodate businesses that have predictable seasonal variation?

A Some business categories and conditions may not match statutory working hours. In such cases, there are flexible systems such as variable working hour and flextime systems.

○ Variable Working Hour System

Because the working hours stipulated by law create a disadvantage for businesses that traditionally experience seasonal and other variations, the law provides a variable working hour system that allows working hours to be adjusted depending on the situation. This system permits weekly hours to be calculated as an average number over a certain period. Under this system employees are allowed to exceed 40 hours per week (44 hours per week for workplaces eligible for special provisions) within the relevant period if the average number of hours over the entire period does not exceed 40 hours per week.

The variable working hour system includes three variations. Before adopting one of these, however, employers are required to enter Labor-Management Agreements with individual employees and submit them to the Labor Standards Inspection Office. Please note, however, that (1) below may be included in a Notice of Employment or Work Rules.

- (1) One-Month Variable Working Hours System
- (2) One-Year Variable Working Hours System
- (3) Atypical Adjustable Working Hours System for a Week *

* Limited to retail businesses, hotels, and restaurants with fewer than 30 employees

○ Flextime System

The Flextime System gives employees some choice over their start and finish times with the total number averaging 40 hours per week maximally (44 hours per week for workplaces eligible for special provisions) for a certain period (settlement period) within three months. Under this system, employees may exceed hours per week or per day stipulated by law without such being considered overtime work. In the case that the settlement period exceeds one month, the employer is required to pay premium wages for the working hours exceeding 50 hours per week.

To adopt this system, it is necessary to enter a Labor-Management Agreement with employees and stipulate in the Notice of Employment or Work Rules that employees have some choice over the start and finish times. In the case that the settlement period exceeds one month, the employer is required to submit such to the Labor Standards Inspection Office.

9-5 Discretionary Working Hour System for Specialized Work

The discretionary working hour system is suitable for specialized work for which working style and time allocation within prescribed working hours (or a certain period of time) is best determined by individual employees. Subject jobs are limited to 19 specialties, including system engineer, copy writer, clothing and interior designer, interior coordinator, system consultant, game software creator. To adopt this system it is necessary to conclude a Labor-Management Agreement and submit it to the Labor Standards Inspection Office.

9-6 De Facto Working Hour System for Work outside the Workplace

It is sometimes difficult to calculate working hours for work such as sales, which requires employee activity outside the workplace. The de facto working hour system is suitable for such cases. The de facto working hour system assumes that the employee has worked for the prescribed working hours. If the number of hours required to perform the relevant work exceeds the prescribed number of hours, the employee is assumed to work for the necessary number of hours. If it is possible to calculate the actual working hours because the employee is working with a supervisor or is being instructed by telephone or other means, this system is not applicable.

10 Overtime Work, Holiday Work, Late-Night Work

~Are there exceptions to the statutory working hours? ~

Q Is it possible for a corporation whose business hours are from 9 AM to 5 PM with one-hour lunch break to schedule employees to work until eight at night during the busy season?

A Because it exceeds statutory working hours; namely, 8 hours per day, it is necessary to enter into a Labor-Management Agreement, stipulate overtime in the Work Rules and Labor Contract, and submit such to the Labor Standards Inspection Office before employees can be asked to work overtime.

10-1 36 Agreement

The Labor Standards Act defines overtime as work exceeding statutory working hours; namely, 8 hours per day and 40 hours per week (44 hours per week for workplaces eligible for special provisions).

Before requiring employees to work in excess of statutory working hours or on holidays, it is necessary to conclude and submit a Labor-Management Agreement to the Labor Standards Inspection Office. This Labor-Management Agreement is stipulated by Article 36 of the Labor Standards Act; therefore, it is called the 36 Agreement. Without submission of this Agreement, employers are prohibited from requiring employees work overtime or on holidays. Overtime work and work on holidays is called statutory overtime work.

This Agreement stipulates "specific circumstances requiring overtime and holiday work," "type of job," "number of employees," "working hours that can be extended for one day, or a certain period of time beyond one day," "holidays employees can be required to work," and "effective period of the Agreement." The term of the Agreement is a maximum of one year. Renewal of the 36 Agreement requires submission of a notification of renewal.

The upper limit of the working hours that can be extended is as shown below. The employer is required to enter an agreement with special provisions before asking employees to temporarily work beyond the upper limit and submit such to the Labor Standards Inspection Office. (See p. 61, Appendix)

In addition, special provisions also stipulate the upper limit of overtime work. This will apply to small and medium-sized enterprises from April 1 in 2020.

Table 22 Upper Limit of Overtime Work

Principal Upper Limit	Exceptional Upper Limit (In the event of temporary special reasons)
(1) 45 hours per month (2) 360 hours per year	(1) Less than 100 hours per month (including legal holiday work) (2) The average of 2 to 6 months should be up to 80 hours per month (including legal holiday work)
(For the one-year variable working hours system) (1) 42 hours per month (2) 320 hours per year	(3) Limit of overtime work is 720 hours per year. (4) Up to 6 months that exceeds 45 hours per month (42 hours for the one-year variable working hours system)
Work on legal holidays not included.	This will be enforced from April 1, 2020 for small- and medium-size enterprises.

10-2 Premium Wages

Q

What are the premium rates for overtime and holiday work? Do the rates differ for managerial staff?

A

Minimum premium rates for overtime exceeding statutory working hours and legal holidays are stipulated by law. The minimum premium rate for overtime is 25%. The minimum premium rate for legal holidays is 35%. While many employers provide two holidays per week, the law only stipulates that employees receive one legal holiday per week. For this reason, if, for example, the scheduled legal holiday is Sunday but the employer also gives Saturday off, then the premium rate for working on the legal holiday, Sunday, is 35%; however, the premium rate for working on Saturday is 25% for the overtime work exceeding statutory working hours (40 hours) per week.

The minimum premium for late-night work, defined as between 10:00 PM and 5:00 AM, is 25%. In the case of overtime work that extends into late-night working hours, the overtime premium for regularly scheduled workdays is added to the overtime premium for late-night working hours, bringing the overtime premium to 50%.

Employers are not required to pay managers overtime; however, the late-night work premium does apply.

Premium wages are calculated by multiplying the standard hourly wage by the number of working hours and the relevant premium rate. Premium rates are as shown below (Article 37 of the Labor Standards Act, etc.).

Table 23 Premium Wage Rates

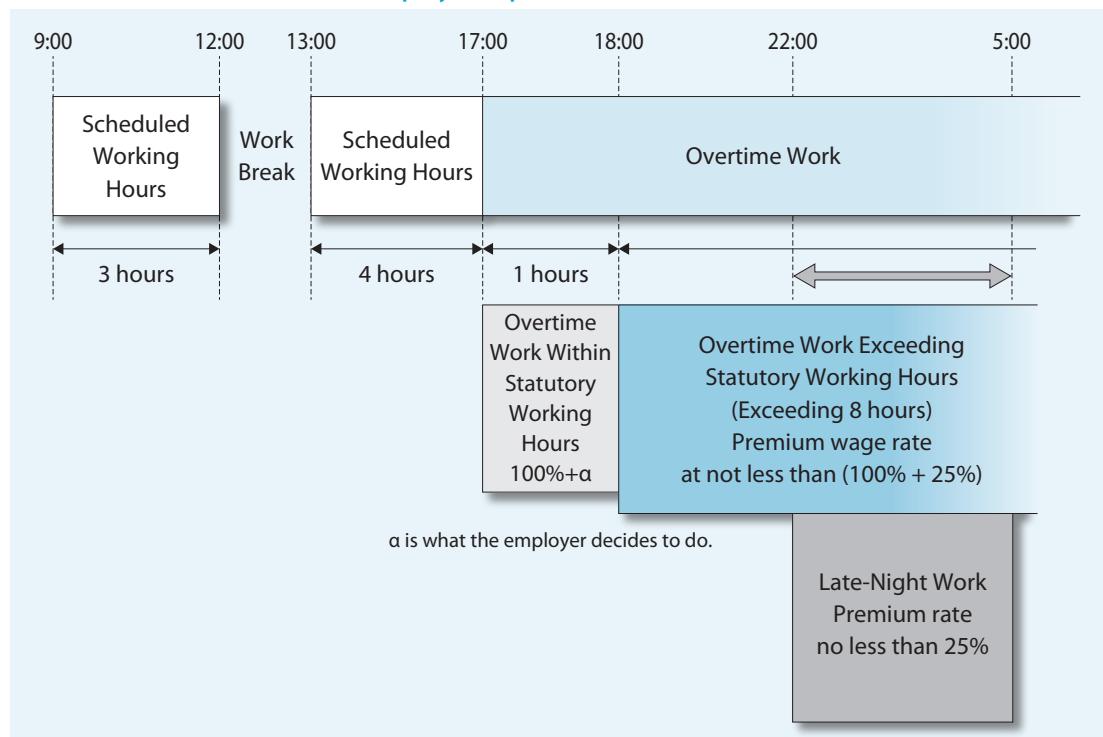
	Premium Rate	Remarks
Overtime Work (Work on prescribed holidays included. Work on legal holidays not included.)	25% or more	Work exceeding 8 hours per day Work exceeding 40 (44 *) hours per week * 44 hours is for subject workplaces of the special measures
Late-Night Work	25% or more	Between 10:00 PM and 5:00 AM
Holiday Work	35% or more	Legal Holiday Work
Overtime Work + Late-Night Work	50% or more	In the case that overtime work continues to late-night. The minimum premium rate for prescribed late-night work is only 25%.
Holiday Work + Late-Night Work	60% or more	Late-Night Work on Legal Holidays

- It is recommended that employers pay a premium of 25% for the overtime work exceeding the upper limit (45 hours per month, 360 hours per year).
- Some major corporations pay a premium of 50% for overtime work exceeding 60 hours per month; however, small and medium-sized enterprises are scheduled to adopt this rate from April 1, 2023.

Employers should voluntarily determine the rate of premium wages for the work exceeding the prescribed working hours but within statutory working hours, or work on prescribed holidays (not exceeding the prescribed working hours per week) excluding legal holidays.

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Table 24 Working Hours and Premium Rates
 (in the case that the employee is prescribed to work 7 hours)



10-3 Exclusion of Managers from Stipulations regarding Working Hours, Work Breaks, and Holiday Work

Individuals handling supervision are excluded from stipulations regarding working hours, breaks and holidays. This means that employers are not required to pay managers for overtime work.

This also applies to individuals engaged in supervision or continual work with approval from administrative agencies or individuals engaged in agricultural, livestock, sericultural, and fisheries industries.

However, if the above-mentioned individuals are engaged in late-night work, employers are required to pay the late-night work premium.

11 Annual Paid Leave System

~How many paid leaves are employers required to provide to employees?~

Q Do regulations regarding the paid leaves employers are required to give employees also include part-time employees?

A Paid leaves are stipulated by the Labor Standards Act and based on the number of years of continuous employment. Employers are also required to provide paid leaves to part-time employees based on the number of working days.

11-1 Number of Annual Paid Leaves to be Provided

Annual paid leaves are provided to employees who have been continuously employed for six months from the day of hire and have worked at least 80% of the prescribed work days. Thereafter, employees who have worked at least 80% of the prescribed work days are granted annual paid leaves according to the number of years of continuous service. Days taken off under the leaves of absence listed below are not considered days absent from work in the calculation of attendance at work to determine annual paid leaves.

- (1) Medical leave for the treatment of employment-related injuries and illness
- (2) Maternity leave
- (3) Child or family care leave in accordance with law.

Note: It is legally prohibited to purchase/sell annual paid leaves. Unused annual paid leaves can be added to the following year (must be used within 2 years).

Table 25 Example of Full-Time Employees (5 days per week)

Number of years of continuous service	6 months	1 year and 6 months	2 years and 6 months	3 years and 6 months	4 years and 6 months	5 years and 6 months	6 years and 6 months or longer
Annual paid leave to be granted	10 days	11 days	12 days	14 days	16 days	18 days	20 days

Employers are required to grant annual paid leaves to employees whose prescribed working hours are shorter than full-time hours, such as part-time employees (individuals who are prescribed to work fewer than 30 hours per week, and no more than 4 days per week or 216 days per year), at the appropriate rate according to the prescribed working days of full-time employees.

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Table 26 Example of Part-Time and Other Employees Whose Prescribed Working Hours are Short

Prescribed working days per week or per year	Number of years of continuous service						
	6 months	1 year and 6 months	2 year and 6 months	3 year and 6 months	4 year and 6 months	5 year and 6 months	6 year and 6 months or longer
4 days 169-216 days	7 days	8 days	9 days	10 days	12 days	13 days	15 days
3 days 121-168 days	5 days	6 days	6 days	8 days	9 days	10 days	11 days
2 days 73-120 days	3 days	4 days	4 days	5 days	6 days	6 days	7 days
1 day 48-72 days	1 day	2 days	2 days	2 days	3 days	3 days	3 days

- Part-time employees scheduled to work 30 or more hours per week are considered full-time employees and receive the same number of annual paid leaves as full-time employees do.

11-2 Employer's Right to Change the Period of Annual Paid Leaves

Employers should make every effort to accommodate employee requests for annual paid leaves. However, if granting annual paid leaves during the period requested by an employee would create a significant burden of normal operations, the employer may require the employee to choose another period. The employer cannot, however, require a change in the period requested simply because it is busy or inconvenient.

11-3 Designation of the Period of Paid Leaves

Employers must determine the period and give 5 paid leaves within a year to employees, including part timers who have received 10 or more paid leaves. However, in the case that employees determine the period and take paid leaves, employees can deduct from the above-mentioned 5 paid leaves. In the case that employees could not take 5 or more paid leaves within a year, employers are fined a maximum of 300,000 yen per employee.

11-4 Wages for Paid Leaves

Paid leaves are classified as regular work days for all employees. Regular employees paid on a monthly basis do not receive premium wages for paid leaves. Part-time employees paid on a daily or hourly basis, however, do receive standard wages for annual paid leaves. It is necessary to stipulate one of the items shown below in the Notice of Employment or Rules of Employment.

- (1) Regular wages to be paid for prescribed working hours (common)
- (2) Average wages
- (3) Standard daily remuneration provided for the Employees' Health Insurance (Labor-Management Agreement is necessary. Submission to the Labor Standard Supervision Office is not required.)

In regard to (1) above, wages for annual paid leaves for part-time employees paid on an hourly basis are calculated by multiplying the hourly wage by the number of hours the part-time employee would normally have worked (number of hours stipulated in the labor contract).

12 Other Statutory Holidays and Leaves

~ What holiday or leave systems are there other than annual paid leaves? ~

There are leaves and holidays for public duty, child birth, childcare, and family-care. However, these leaves do not always need to be paid leaves.

12-1 Leave to Exercise Civil Rights

Employers may not refuse employee requests for time off during working hours to exercise franchise and other civil rights, or to perform public duties such as serving as a citizen judge.

12-2 Leave for Maternal Healthcare

Female employees are granted maternal healthcare leave for pregnancy and child birth as shown below.

Table 27 Maternal Healthcare Leave

Type of Leave	Description		Remarks
Maternity Leave	Prenatal Leave	6 weeks upon request (14 weeks for multiple pregnancy)	If the employee receives no salary during leave, the Employees' Health Insurance pays a maternity allowance equivalent to 2/3 of the standard daily remuneration.
	Postpartum Leave	8 weeks after childbirth whether requested or not (the employee may return to work after 6 weeks with physician approval)	
Time for Child Care	Employers are required to accommodate female employee requests for 30 minutes twice a day, or 1 hour per day to care for children less than one year of age.		
Maternal Healthcare Leave	Employers are required to accommodate requests from female employees who are pregnant or who have undergone childbirth within a year for leave to receive healthcare guidance or health examinations stipulated by the Maternal and Child Health Act.		
Menstrual Leave	Employers are required to accommodate requests for time off from female employees who have a significant difficulty working during menstruation.		

- All leaves above can be given as unpaid leaves.
- During maternity leave, both employers and employees are exempt from the payment of social insurance premiums.

12-3 Child Care and Family Care Leave

Employers are required to provide child care and family care leave to all the employees, regular, part-time, fixed-term contracted employees, etc., regardless of gender or employment status if the requirements are satisfied. However, this does not apply to fixed-term contracted employees, including fixed-term part-time employees, who have worked less than 1 year. In addition, it is also possible to exclude certain employees by Labor-Management Agreement.

As compensation for wages during child care and family care leave, Employment Insurance provides child care and family care leave benefits to employees.

During maternity, child care and family care leave, both employers and employees are exempted from the payment of social insurance (Employees' Health Insurance, Employees' Pension Insurance) premiums. During the time employees are exempted from payment of premiums, however, they are eligible to receive benefits.

II. Employment Management

Table 28 Child Care and Family Care Leave and Related Measures

Type	Description	Number of Days off, etc.	Employees who can be excluded as subjects due to Labor-Management Agreement, etc.
Child Care Leave	Employees rearing children less than 1 year of age (Can be extended up to 2 years of age.)	Until the child becomes 1 year old (Can be extended up to 2 years of age.)	<ul style="list-style-type: none"> Less than one year after starting work at the corporation Employees scheduled to work not more than 2 days per week
Family Care Leave	Employees taking care of a family requiring nursing care	Not more than 93 days for one subject requiring nursing care	
Sick/Injured Child Care Leave	Leave for providing care for injury or illness of children or for immunizations or medical examinations Employees rearing preschool-age children	For 1 child, 5 days per year For more than 2 children, 10 days per year (Half-day leave is also available.)	<ul style="list-style-type: none"> Less than 6 months after starting work at the corporation Employees scheduled to work not more than 2 days per week
Family Care Leave	Employees providing nursing and other care for family requiring nursing care	For 1 family member, 5 days per year For 2 or more family members, 10 days per year (Half-day leave is also available.)	
Short-Term Work for Child Rearing	Employees rearing children under 3 years of age	Shorten working hours per day to 6 hours at maximum until the children become 3 years of age	<ul style="list-style-type: none"> Less than 1 year after starting work at the corporation Employees scheduled to work not more than 2 days per week
Short-Term Work for Family Care	Employees providing nursing care for family members requiring nursing and other care without taking nursing care leave	Employees can take this benefit two or more times during 3 years after starting to use the services Shorten working hours per day to 6 hours	<ul style="list-style-type: none"> Employees who have difficulty reducing work time due to the characteristics of their work (alternative measures are necessary)
Limitation on Non-Prescribed Work for Child Rearing	Employees rearing children under 3 years of age	No overtime	<ul style="list-style-type: none"> Less than 1 year after starting work at the corporation Employees scheduled to work not more than 2 days per week
Limitation on Overtime Work for Child and Family Care	Employees rearing preschool-age children Employees taking care of family members requiring nursing care	Exclude from late-night work Limit statutory overtime work to 24 hours per month and 150 hours per year	<ul style="list-style-type: none"> Employees whose prescribed hours are late night (Excluded as subjects of limitation to late-night work)

- All leaves above can be given as unpaid leaves.
- During child care and nursing care leaves, both employers and employees are exempt from the payment of social insurance premiums.

13 Safety and Health

~ Safety considerations employers are responsible for ~

According to law, employers are not only required to comply with the minimum standards for the prevention of industrial accidents, but they are also required to endeavor to ensure the safety and health of employees in workplaces through the creation of a comfortable working environment and the improvement of working conditions. Employers are required to provide safety education and medical examinations for employees.

13-1 Obligation to Ensure Safety in the Workplace

Employers are required to ensure the safety and health of employees in the workplace.

Obligation to ensure safety in the workplace includes prevention of mental problems such as depression caused by harassment at the workplace.

13-2 Medical Examinations

To protect the safety and health of employees, employers are required to provide medical examinations to employees at the time of hire and at least once per year afterward. The cost of the medical examination shall, in principle, be borne by the corporation (employer). The Health Insurance system may sometimes provide grants.

Employers are required to provide medical examinations for part-time employees whose prescribed working hours are 3/4 of regular employees' per week (30 or more hours per week) or who have been working for more than 1 year.

14 Resignation, Retirement, and Dismissal

~ What should employers consider before dismissal of employees?

What is the retirement system? ~

Employers are allowed to dismiss employees only under reasonable and socially valid reasons and conditions. Grounds for dismissal should be determined when creating the labor conditions, and employers are required to provide at least 30 days advance notice, or pay compensation in lieu of notice equivalent to 30 days' wages.

Retirement shall be at no less than 60 years of age and continuous employment until 65 years of age is allowed by law.

14-1 Types of Termination

Termination is defined as the completion of a labor contract. Dismissal is defined as cancellation of a labor contract by the employer. Termination other than dismissal includes resignation, retirement, completion of assignment, etc. Resignation is defined as the voluntary cancellation of a labor contract by the employee and requires submission of a letter of resignation.

14-2 Retirement and Continual Employment

The lower limit of the retirement age in Japan is legally stipulated as 60 years of age. Therefore, many corporations have determined 60 years of age as the retirement age. Employers are required to continue employment up to 65 years of age for those who so desire by increasing the retirement age, implementing a continual employment system including reemployment, or abolishing the stipulations for retirement according to the Act on Stabilization of Employment of Elderly Persons. Many corporations now allow employment beyond 60 years of age for those who are eligible by allowing employees to retire and then reapply for employment under different working conditions, including duties and wages.

However, it is necessary for employers to clearly indicate retirement and continual employment policies in the Notice of Employment or Rules of Employment. Otherwise, it is considered that there is no retirement system.

14-3 Dismissal

1. Reasons for Dismissal

Any dismissal for other than objectively reasonable grounds or which is not considered appropriate in general societal terms will be treated as an abuse of employee rights and be invalid (Article 16 of the Labor Contract Act). Employers are required to stipulate reasons for dismissal in the Notice of Employment and Work Rules. Dismissal for other than the stipulated reasons may be deemed invalid.

Table 29 Types of Logical Reasons for Dismissal

Personal reasons	Lack of ability and aptitude (Ordinary dismissal)	Incapable of working due to physical or mental disability, having a very poor service record, lacking ability or efficiency, etc.
	Acts in violation of law or company policy (Punitive dismissal)	Absence without notice, breach of discipline (equivalent to serious grounds for discipline)
Managerial reasons	Dismissal for the purposes of reorganization	Reduction in personnel because of financial difficulty or rationalization

2. Advance Notice of Dismissal

In the event that an employer wishes to dismiss an employee, the employer is required to provide at least 30 days advance notice. An employer who does not give 30 days' advance notice is required to pay the dismissed employee the equivalent of average wages for a period of not less than 30 days.

However, this shall not apply to those who are employed on a daily basis, those who are employed for not more than 2 months, and those who have worked less than 14 days in a probation period.*

* Advance notice of dismissal shall apply to those who are in a probationary period consecutively for more than 14 days.



Termination of the consecutive employment of fixed-term contracted employees

Rejection of contract renewal of fixed-term contracted employees is called "the termination of consecutive employment." In case of an employment contract with a fixed period, termination comes with its expiry without any specific reason (termination of contract upon its expiration).

Excluding cases in which employers clearly state in advance that the relevant contract will not be renewed, employees whose contract has been renewed at least three times or who have been employed more than one year are deemed to be working under a contract of employment without fixed term. Employers are required to state the reasons and procedures (advanced notice) for termination of consecutive employment. Employers must clearly state the basis of the decision for the extension, renewal, or cancellation of contracts with fixed-term contracted employees (see p. 32, Table 18).

In the event employees whose contract has been renewed for a total of five years wish to change to a non-fixed-term contract, the employer shall comply.

With regard to a fixed-term labor contract, an employer may not dismiss a worker until the expiration of the term of such labor contract, unless there are unavoidable circumstances (Article 17 of the Labor Contract Act).

3. Legal Restrictions on the Dismissal of Employees

Employers are forbidden from dismissing employees:

- During a period of absence from work for medical treatment with respect to injuries or illness suffered in the course of employment or within 30 days thereafter
- During a period of absence from work before and after childbirth within 30 days thereafter
- Because of nationality, creed or social status
- Because of gender
- Because of marriage, pregnancy, or requesting maternity leave
- Because of requesting child care leave or family care leave
- Because of whistle blowing
- Because of membership in a labor union, joining or organizing a labor union, or lawful union activities
- Because of having reported a violation of the Labor Standards Law to the relevant supervisory agency

14-4 Procedures for End of Employment

Employers are required to follow the procedures shown below when a labor contract is terminated.

(1) Payment of wages and return of money and goods

Upon request from a resigned employee, the employer is required to pay the wages and return the reserve funds, security deposits, savings, and any other money and goods to which the employee is rightfully entitled within 7 days (Article 23 of the Labor Standards Act).

(2) Recording into the roaster of employees

The employer is required to enter information related to retirement (date and reasons) in the roaster of employees and maintain it for a period of 3 years.

(3) Procedures concerning Withdrawal from Social Insurance

The employer is required to collect the health insurance certificate of the retiring employee and said employee's dependent family and submit Notification of Withdrawal from Health Insurance and Employees' Pension Insurance to the competent Pension Service Office within 5 days from the following day of the retirement.

(4) Submission of Notification of Withdrawal from Employment Insurance

The employer is required to submit the Notification of Withdrawal from Employment Insurance to Hello Work within 10 days from the day following retirement. Upon employee request, the employer is required to attach a Resignation Certificate for Employment Insurance (in triplicate). The employer is required to give the employee the Letter of Resignation for Employment Insurance issued by Hello Work immediately. The letter of Resignation for Employment Insurance is necessary to receive unemployment benefits.

(5) Issuance of the Certificate on the Occasion of Retirement

Regardless whether the end of employment is the result of retirement or dismissal, if an employee requests a certificate stating the period of employment, the kind of occupation, the position in the enterprise, the wages or the cause of retirement (if the cause for retirement is dismissal, including the reason), the employer is required to provide such without delay. The employer is not permitted to provide information that is not requested by the employee (Article 22 of the Labor Standards Act).

15 Individual Labor-Related Dispute Resolution System

~ Which public organizations should we consult when labor-management disputes occur? ~

General Labor Consultation Desks are located at Prefectural Labor Bureaus and Labor Standards Inspection Offices. An individual labor dispute resolution system is also in place.

Labor disputes are bad for both employers and employees. It is necessary for both sides to communicate well to avoid misunderstandings that cause disputes, and to promote prompt and effective resolution if a dispute should occur. General Labor Consultation Desks at Prefectural Labor Bureaus provide advice, guidance, and mediation.

It is also possible to bring disputes to Industrial Court for swift resolution when an agreement between the parties cannot be reached through mediation. The Industrial Court establishes a Labor Tribunal Panel comprised of one judge and two experts to hear the dispute. The Panel attempts to resolve disputes through discussion in a series of not more than 3 closed hearings. If the parties involved are unable to reach agreement, the Panel hands down an official order. If both parties accept it, the order has the same effect as a judicial settlement.

General Labor Consultation Desks

<https://www.mhlw.go.jp/general/seido/chihou/kaiketu/soudan.html> (Japanese)



Work style reforms

Act on the Arrangement of Related Acts to Promote Work Style Reform was established on June 29, 2018. This revised a wide range of acts to promote both work-life balance and a wide variety of work styles. Major changes, description, and the date of enforcement are shown in below table.

Major Changes	Description	Date of Enforcement for Small- and Medium-size Enterprises
(1) Upper limits of overtime work	Upper limit of working hours that can be extended (p 44. Table 22)	April 1, 2020
(2) Extension of settlement period for flextime systems	Settlement period was extended from 1 to 3 months (p 42. II. 9-4)	April 1, 2019
(3) Ensuring the acquisition of a certain number of paid leaves	Employers must give at least 5 paid leaves to employees (p 48. II. 11-3)	April 1, 2019
(4) Foundation of highly skilled professional system	Withdrawal from hourly wages for specific highly skilled professionals	April 1, 2019
(5) Revision of premium rates for overtime work exceeding 60 hours per month	Increasing premium rate for overtime work exceeding 60 hours per month to 50%	April 1, 2023
(6) Equal pay for equal value of work	Balance between regular and non-regular employees	April 1, 2021
(7) Work-interval system (Obligation to make effort)	Setting times from the finish of one period of work to the start of the next period of work	April 1, 2019

III. Reference

Contact List

Type		Name of Organization/URL
Pension, Healthcare and Public Insurance	Pension/Social Insurance	Japan Pension Service (Regional Pension Service Office) https://www.nenkin.go.jp/service/seidozenpan/yakuwari/20150518.html (Japanese) http://www.nenkin.go.jp/international/index.html
	Employees' Health Insurance Benefits	Japan Health Insurance Association (Prefectural Office) http://www.kyoukaikenpo.or.jp/ (Japanese)
	National Health Insurance	Municipal Office
Labor Insurance	Workers' Accident Compensation Insurance	Regional Labor Standards Supervision Office http://www.mhlw.go.jp/bunya/roudoukijun/location.html (Japanese) http://www.mhlw.go.jp/english/policy/employ-labour/labour-standards/
	Employment Insurance	Regional Hello Work Office http://www.mhlw.go.jp/kyujin/hwmap.html (Japanese) http://www.mhlw.go.jp/english/policy/employ-labour/labour-standards/
Labor Consultation	Labor Issues	General Labor Consultation Desks at Prefectural Labor Bureaus http://www.mhlw.go.jp/general/seido/chihou/kaiketu/soudan.html (Japanese) http://www.mhlw.go.jp/english/policy/employ-labour/labour-standards/ “Are your working conditions fair?” p. 8 Telephone Consultation Service and Foreign Workers Consultation Service https://www.mhlw.go.jp/new-info/kobetu/roudou/gyousei/kantoku/dl/040330-6.pdf

Statutes

Official Name of Law	Simplified Name of Law	English Translation
健康保険法	健康保険法	Health Insurance Act
厚生年金保険法	厚生年金保険法	Employees' Pension Insurance Act
労働者災害補償保険法	労災保険法	Industrial Accident Compensation Insurance Act/ Workers Accident Compensation Insurance Act
雇用保険法	雇用保険法	Employment Insurance Act
労働保険の保険料の徴収等に関する法律	労働保険徴収法	Act on Collection, etc. of Insurance Premiums of Labor Insurance
労働基準法	労基法	Labor Standards Act
最低賃金法	最賃法	Minimum Wage Act
職業安定法	職安法	Employment Security Act

III. Reference

Official Name of Law	Simplified Name of Law	English Translation
労働契約法	労働契約法	Labor Contracts Act
労働安全衛生法	安衛法	Industrial Safety and Health Act
雇用対策法	雇対法	Employment Measures Act
労働関係調整法	労調法	Labor Relations Adjustment Act
労働者派遣事業の適正な運営の確保及び派遣労働者の就業条件の整備等に関する法律	労働者派遣法 (派遣法)	Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Worker Dispatching Act)
育児休業、介護休業等育児又は家族介護を行う労働者の福祉に関する法律	育児介護休業法 (育介法)	Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Child Care and Family Care Leave Act)
高年齢者等の雇用の安定等に関する法律	高年齢者雇用安定法	Act on Stabilization of Employment of Elderly Persons
雇用の分野における男女の均等な機会及び待遇の確保等に関する法律	男女雇用機会均等法 (均等法)	Act on Securing, etc. of Equal Opportunity and Treatment between Men and Women in Employment (Equal Employment Opportunity Act for Men and Women)
短時間労働者の雇用管理の改善等に関する法律	パートタイム労働法	Act on Improvement, etc. of Employment Management for Part-Time Workers (Part-Time Employment Act)
出入国管理及び難民認定法	入管法	Immigration Control and Refugee Recognition Act (Immigration Control Act)
公益通報者保護法	保護法	Whistleblower Protection Act
個別労働関係紛争の解決の促進に関する法律	個別労働紛争解決促進法	Act on Promoting the Resolution of Individual Labor-Related Disputes

Japanese-English Glossary

健康保険	Employees' Health Insurance
国民健康保険	National Health Insurance
厚生年金保険	Employees' Pension Insurance
国民年金	National Pension (System)
介護保険	Long-Term Care Insurance
労働者災害補償保険（労災保険）	Workers' Accident Compensation Insurance
雇用保険	Employment Insurance
社会保障協定	Social Security Agreement

国民年金・ 厚生年金保険脱退一時金	Lump-Sum Withdrawal Payments (National Pension/Employees' Pension)
労使協定	Labor-Management Agreement
正社員	regular employee
常用社員	permanent employee
パートタイマー	part-time employee
有期契約社員	fixed-term employee
フルタイム社員	full-time employee
派遣社員	temporary worker from an agency/dispatched employee
労働契約	labor contract
試用期間	probation period
就業規則	work rules
子ども・子育て拠出金	Child and Child Care Contribution
賃金	wages
賞与	bonus
退職金	retirement allowance
最低賃金	minimum wage
休業手当	allowance for absence from work
平均賃金	average wages
法定労働時間	statutory working hours
休憩	work breaks
休日	day off/holiday
変形労働時間制	Variable Working Hours System
フレックスタイム制	Flextime System
専門業務型裁量労働制	Discretionary Working Hour System for Specialized Work
みなし労働時間制	De Facto Working Hour System
時間外労働	overtime work
休日労働	holiday work
深夜労働	late-night work
割増賃金	premium rate
年俸制	annual salary system
年次有給休暇	annual paid leave
育児休業	child care leave
介護休業	family care leave
健康診断	medical examination

III. Reference

定年	retirement
解雇	dismissal
個別労働紛争	individual labor-related dispute

Appendix: Labor-Management Agreement regarding Overtime Work and Work on Holidays (Example)

Enter an agreement for each workplace (plants, branch offices, and sales offices).		Labor-Management Agreement regarding Overtime Work and Work on Holidays									
Type of the enterprise	Name of the enterprise	Address and phone number of enterprise			Termination of the Agreement						
Metal Product Manufacturer	xx Metal Engineering Co., Ltd. xxxx Plant	(Postal Code: 1-2-3 xxx town, xxx City (TEL: - - -))			1 year from April 1, xxxx						
		Designated working hours per day (Optional)	Number of applicable workers [Age 18 or over]	Per Day	Per Month (Up to 45 hours for ①. Up to 42 hours for ②.)	Per Year (Up to 360 hours for ①. Up to 320 hours for ②.)	Initial date of calculation [MM/DD/YY]	April 1, xxxx			
Overtime Work	Specific reasons for requiring Overtime Work	Type of services	Number of working hours per day (Optional)	Number of working hours exceeding statutory working hours (Optional)	Number of working hours exceeding prescribed working hours (Optional)	Number of working hours exceeding statutory working hours (Optional)	Number of working hours exceeding prescribed working hours (Optional)	Number of working hours exceeding statutory working hours (Optional)	Number of working hours exceeding prescribed working hours (Optional)	Number of working hours exceeding statutory working hours (Optional)	Number of working hours exceeding prescribed working hours (Optional)
① Workers not corresponding to ② below	Concentration of orders	Design	10	7.5	3	3.5	30	40	250	370	370
	Temporary order receipt/ Change of delivery date	Machine assembly	20	7.5	2	2.5	15	25	150	270	270
② Workers falling under the one-year variable working hour system	Response to defective products	Inspection	10	7.5	2	2.5	15	25	150	270	270
	Settlement of accounts at the end of each month	Accounting	5	7.5	3	3.5	20	30	200	320	320
③ Workers within a one-year period, fill in the fields of column ②.	Inventory	Purchase	5	7.5	3	3.5	20	30	200	320	320
	Determine the specific reasons.	Subdivide the range of business and determine the specifications.	Determine the number of working hours exceeding the statutory working hours per day.	Determine the number of working hours exceeding the statutory working hours per month. Up to 45 hours for ① and up to 42 hours for ②.	Determine the number of working hours exceeding the statutory working hours per year. Up to 360 hours for ① and up to 320 hours for ②.	Determine the number of working hours exceeding the statutory working hours per month. Up to 45 hours for ① and up to 42 hours for ②.	Determine the number of working hours exceeding the statutory working hours per year. Up to 360 hours for ① and up to 320 hours for ②.	Start and finish times on statutory holidays on which employees can be asked to work			
Work on Holidays	Holidays	Type of services	Number of applicable workers [Age 18 or over]	Prescribed Holidays (Optional)	Number of statutory holidays on which employees can be asked to work on	Prescribed Holidays (Optional)	Number of statutory holidays on which employees can be asked to work on	Start and finish times on statutory holidays on which employees can be asked to work			
④ Holidays	Concentration of orders	Design	10	Saturdays, Sundays and Public Holidays	One day per month	One day per month	One day per month	Start 8:30 Finish 17:30			
	Temporary order receipt/ Change of delivery date	Machine assembly	20	Saturdays, Sundays and Public Holidays	One day per month	One day per month	One day per month	Start 8:30 Finish 17:30			

The number of hours above notwithstanding, the total number of working hours including overtime and holiday work shall be less than 100 hours per month or 80 hours per month averaged over two to six months. (Check required in check box.)

Sheet 1

- When asking employees to work temporarily beyond the upper limit, the employer is required to submit Form No.9-2.
- Form No.9-2 includes
 - Labor-Management Agreement regarding Overtime Work within the Upper Limit (1st sheet)
 - Labor-Management Agreement regarding Overtime Work beyond the Upper Limit (2nd sheet)

①

Workers not corresponding to ② below

②

Workers falling under the one-year variable working hour system

③

Workers within a one-year period, fill in the fields of column ②.

④

Holidays

⑤

Submission of the Labor-Management Agreement regarding Overtime Work and Work on Holidays can be made electronically.

⑥

The (Optional) column can be left blank.

⑦

Transfer the information from the Labor-Management Agreement regarding Overtime Work and Work on Holidays.

⑧

Submission of the Labor-Management Agreement regarding Overtime Work and Work on Holidays can be

⑨

made electronically.

⑩

The (Optional) column can be left blank.

III. Reference

Sheet 2 Form No.9-2 (Related to Article 16, Paragraph1)

Labor-Management Agreement regarding Overtime Work and Work on Holidays (Special Provisions)									
								Per Year (Number of overtime working hours/ Up to 720 hours)	
								Initial date of calculation [MM/DD/YY]	
<p>When asking employees to work temporarily beyond the upper limit</p> <p>Determine the initial date of calculation of the upper limit for one year. Regardless of the effective term of the labor-management agreement, the initial date of calculation shall be set for the year.</p>									
<p>Type of services</p> <p>Sudden changes of specifications/ Implementation of new systems</p> <p>Response to troubles in products & major complaints</p> <p>Response to troubles in machines</p>		<p>Number of applicable workers [Age 18 or over]</p> <p>Design</p> <p>Inspection</p> <p>Machine assembly</p>		<p>Number of working hours that can be extended</p> <p>Number of working hours exceeding statutory working hours (Optional)</p>		<p>Number of working hours that can be extended and the number of working hours on holidays</p> <p>Number of working hours combining those exceeding the statutory working hours and those on holidays (Optional)</p>		<p>Premium rates regarding the overtime work beyond the upper limit.</p> <p>Number of working hours exceeding statutory working hours and those on holidays (Optional)</p>	
<p>Reasons must be as specific as possible and the requirement must be limited to temporary or unexpected overtime work. Reasons that include the possibility of constant long-term work, reasons such as "for the convenience of business" or "for unavoidable circumstances for business," are unacceptable.</p>		<p>Subdivide the range of business and determine the specifications.</p>		<p>Determine the number of times that the employer can ask employees to work beyond the upper limit of monthly overtime work (45 or 42 hours per month). This should be limited to six times per year.</p>		<p>Determine the number of monthly working hours combining overtime and holiday work when asking employees to work beyond the upper limit (45 or 42 hours per month). This shall be less than 100 hours per month or 80 hours per month averaged over two to six months.</p>		<p>Premium rates regarding the overtime work beyond the upper limit.</p> <p>Number of working hours exceeding prescribed working hours (Optional)</p>	
<p>Procedures for asking employees to work beyond the upper limit of working hours</p> <p>Measures to ensure the health and welfare of employees asked to work beyond the upper limit of working hours</p>		<p>Advanced application to the representative of the employees</p> <p>Measures to ensure the health and welfare of employees asked to work beyond the upper limit of working hours</p>		<p>(Applicable numbers)</p> <p>①③⑩</p>		<p>(Specific content)</p> <p>Providing face-to-face guidance to subject employees by physicians/ Setting an interval during 11-hour periods of work for subject employees/ Holding short-time conferences at individual workplaces</p>		<p>Per Month (Number of working hours combining overtime work and holiday work/ Limiting to less than 100 hours)</p> <p>Determine the premium rates when asking employees to work beyond the upper limit of overtime. In such cases, please try to set the premium rates higher than the statutory premium rate (25%).</p>	
<p>Date of execution of this agreement</p> <p>March 12, xxxx</p>		<p>Name of labor union (consisting of a majority of the employees at this workplace), title and name of the person representing the majority of the employees, who is a party to this agreement</p> <p>March 15, xxxx</p>		<p>Selection process of the parties to this agreement (in case of the person representing a majority of the employees) [Election by vote]</p>		<p>Number of monthly working hours combining overtime and statutory holiday work shall be less than 100 hours per month and 80 hours per month averaged over two to six months.</p> <p>(Check required in check box.)</p>		<p>A supervisor cannot be an employee representative.</p> <p>Title: Inspection Department Manager Name: Hanako Yamada</p> <p>If this application is also used as the agreement, the employee representative is required to sign or affix his/her name and personal seal.</p> <p>Title: Plant Manager Name: Taro Tanaka</p> <p>Personal seal is also required.</p>	
<p>To the Chief of the XYZ Labor Standards Inspection Office</p>									

Note 1: Choose measures from ① to ⑩ and fill in the column (Applicable numbers). Then provide the details of the chosen numbers in the column (Specific content).

- ① Face-to-face guidance by a physician shall be provided to employees who have exceeded a certain number of work hours.
- ② The number of days during which overtime work is performed shall be subject to the time specified by Article 37, Paragraph 4 of the Labor Standards Act and limited to a certain amount per month.
- ③ Breaks shall be secured for certain continuous periods between the start and finish times.
- ④ Substitute holidays or special vacations shall be provided according to the work and health status of individual employees.
- ⑤ Health examinations shall be provided according to the work and health status of individual employees.
- ⑥ Employers shall promote the use of annual paid holidays, including the use of consecutive days.
- ⑦ Employers shall provide consulting services to promote employees' physical and mental health.
- ⑧ Employers shall provide due consideration for the state of employees' work and health. Employers shall reassign employees to different sections if necessary.
- ⑨ Employers shall receive advice and instruction from industrial physicians and provide health guidance by industrial physicians.
- ⑩ Other

Download application forms

Major forms regarding labor standards provided by the Ministry of Health, Labor and Welfare

<https://www.mhlw.go.jp/bunya/roudoukijun/roudoujouken01/> (Japanese)

Information Desk

Ministry of Health, Labor and Welfare, Labor Standards Bureau, Working Conditions Policy Division

TEL: 03-5253-1111 (Main)

<https://www.mhlw.go.jp/bunya/roudoukijun/sosikibetu/roudoujoken.html> (Japanese)

**Inquiries for Trading and Starting Businesses
MIPRO Consulting Service**

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