This guidebook explains the “required authorization when starting a business,” which must be understood when starting a business in Japan.

The contents of each section are as follows:

- **Starting a Business and Authorization**
  First, this section gives a brief outline of authorization.

- **Points to Consider when Planning an Authorized Business**
  This section describes points to consider when planning an authorized business. They include information on business structure and authorization, and information for determining whether or not authorization is required.

- **Example of Procedures for Obtaining Authorization to Start a Business**
  This section gives a specific description of the overall flow of procedures, conditions such as permits, and other points to consider, regarding four business categories—food manufacturing/sales and restaurants, import and sales of alcohol, import and sales of cosmetics, accommodation facilities such as hotels/resort inns.

- **Points to Consider when Conducting a Business**
  This section describes points to consider after starting a business, such as regulations for mail-order sales, internet shopping, foreign language schools, and aesthetic salons which do not require particular authorization.

- **Websites of Related Institutions**
  This section lists websites related to the establishment of a company and authorization when starting business.

  MIPRO publishes various materials on trade and business startups, and holds seminars that are helpful when carrying out trade procedures and starting a business in Japan. MIPRO also invites readers to take advantage of its free consultation with experts. For details, please visit the MIPRO website: [http://www.mipro.or.jp](http://www.mipro.or.jp).

Manufactured Imports and Investment Promotion Organization (MIPRO)
March 2008
Starting a Business and Authorization

1. Differences between "notification" and other "permits" — 4
2. Conditions of Authorization — — 4
3. Time and Cost Required for Applying for Authorization — — 5

Points to Consider when Planning an Authorized Business

1. Points to Consider when Planning an Authorized Business — — 6
   (1) Matters that do not fall under causes for disqualification — — 6
   (2) When prior preparations are required — — 6
   (3) Determining whether to obtain authorization as a corporation or a personal business — — 8

2. Business Structure and Authorization — — 9
   (1) Determining whether a business requires authorization — — 9
   (2) Determining which authorization and how many authorizations are required — — 9

3. Clarifying whether or not authorization is required — — 10

Reference) Example of business categories requiring authorization to start operations — — 11

Example of Procedures for Obtaining Authorization to Start a Business

1. To Manufacture and Sell Food or To Operate a Restaurant — — 13
   (1) Licenses Related to the Manufacture and Sale of Food, and to the Operation of an Eating and Drinking Establishment — — 13
   (2) Brief Flow of Procedures — — 13
   (3) Main Requirements for Obtaining a License — — 14
   (4) Other Notifications, etc — — 16
   (5) Other Points for Consideration — — 16

2. Import and Sale of Alcoholic Beverages — — 17
   (1) Licenses Related to the Import and Sale of Alcohol — 1/
   (2) Brief Flow of Procedures — — 1/
3. Import and Sale of Cosmetics
(1) Licenses Related to the Import and Sale of Cosmetics
(2) Brief Flow of Procedures
(3) Main Requirements for Obtaining a License
(4) Other Notifications, etc.
(5) Other Points for Consideration

4. Accommodations such as Hotels and Japanese Inns
(1) Licenses Related to Accommodation Businesses
(2) Brief Flow of Procedures
(3) Main Requirements for Obtaining a License
(4) Other Notifications, etc.
(5) Other Points for Consideration

Ⅲ. Points to Consider when Conducting a Business
1. Correspondence Sales and Internet Sales
   (1) Advertising Display
   (2) Prohibition of Activities that Mislead Consumers into Entering into a Contract against Their Intention (in sales via the Internet, etc.)

2. Businesses Related to Foreign Language Schools, Esthetic Salons, etc.
   (1) Administrative Regulations
   (2) Civil Rules

3. Intellectual Property
   (1) Protecting One's Own Intellectual Property
   (2) Avoiding Violations of the Intellectual Properties Rights of Others

Ⅳ. Websites of Related Institutions
While the principle of free choice of business is recognized in Japan, there are many reasons why some businesses cannot be started without some kind of application to the government administration office. Any business that is started without submitting the required applications is an illegal operation.

When an application is required to start a business, documents that submitted to the government administration office are commonly called "permit (kyoka)," "authorization (ninka)," "license (menkyo)," or "notification (todokede)." Each of these terms has a different legal characteristic, but they are all generally based on the principle that a business cannot be started unless the predetermined documents to start the business are filled out and submitted to the government administration office, and the relevant office approves the business based on the document.

Differences among the above-mentioned applications related to starting a business, are as follows.

1. Differences between "notification" and other "permits"

   "Notification" is probably the most commonly misunderstood. Many may think that a notification is a document that simply needs to be submitted to the government administration office.

   Technically, the legal characteristic of a notification is such. However, if the described items or contents of the submitted document are incomplete, the notification will be deemed "fujuri," or unacceptable. Unless it is accepted, it cannot be considered submitted. Therefore, as the obligation remains unfulfilled, it would be illegal to start a business that legally requires a notification.

   Another difference between a "notification" and other permits is the time that it takes to actually start a business after submitting the required documents.

   Generally, if there are no insufficiencies in the document and the notification is accepted, the notification is considered effective on the day of submission, and operations may begin from that day. On the other hand, for other permits, the government administration office conducts a screening of the submitted document, and operations cannot begin for the specific time period until the permit is issued, although the time period varies in each case.

2. Conditions of Authorization

Some conditions and documentations for starting a business may be widely available on the Internet and relatively easy to obtain, while others may not be so easy to obtain. Additionally, the government administration office to provide authorization may or may not exercise a wide range of discretion, making it difficult to determine whether a currently planned business will be authorized or not.

In some cases, even when the legal standards for receiving authorization are satisfied, the decision to give authorization may be made from a political perspective. For example, authorization for business may not necessarily be given to a planned cell phone business or a gas/electricity supply business, even if the funds, personnel, equipment, etc., have been prepared. Therefore, when planning a business that requires authorization, it is important to consider beforehand, the probability of obtaining authorization for the planned business.
3. Time and Cost Required for Applying for Authorization

When planning to start a business that requires some form of application to the government administration office, the time and cost that would be needed to apply for authorization should be thoroughly considered before starting the business.

Depending on the type of authorization, more than two months (in some cases, even longer) may be required, between the times the relevant documents are submitted and authorization is received.

In order to meet the conditions of authorization, the place of business may need to be renovated, with such construction work taking more than a year, in some cases. In other cases, it may take several months to satisfy all the necessary conditions.

If the details of authorization are not thoroughly researched beforehand, application to the government administration office will not be completed in time for the originally-planned commencement of the business. Fully note that an unexpected amount of time and cost may be involved until the business can be started.
1. Points to Consider when Planning an Authorized Business

Various types of businesses require authorization. To start such businesses, application to the government administration offices and preparation to begin business must be made. As a condition for obtaining authorization, special preparations may also be required.

Note, however, authorization may not necessarily be given, even if special preparations are not required and the conditions of authorization are satisfied by submitting the necessary documents. For instance, authorization may not be given to a person who has been convicted of a crime and has received sentence such as imprisonment, until a certain amount of time has passed, or to a person who has filed for bankruptcy and has not been reinstated. Reasons like these are called “causes for disqualification (kekaku jiyu)” from authorization.

As for cases that require special preparation, an applicant may be required to pass a national examination or to attend a day of lectures.

Additionally, when starting a business that requires authorization, consideration should be given to whether it would be more advantageous to apply as an individual or as a corporation.

(1) Matters that do not fall under causes for disqualification

Causes for disqualification apply to the business owner, in the case of a personal business where the applicant is an individual, and to board members, in the case of a corporation.

Often, authorization is rejected, because an authorization once given has been revoked for some reason, and the specified period of time has not yet passed from the date of revocation. Generally, a 3-5 year period is regulated.

Furthermore, authorization may not be provided to a minor (younger than 20 year old) or an adult ward of the state, either because of their status, or due to causes for disqualification that may apply to the legal representative of the applicant, such as a parent or legal guardian.

(2) When prior preparations are required

An individual applicant or corporation may need to satisfy special requirements in order to receive authorization. The requirements mainly involve 1) property, 2) qualifications, 3) description items in the article of incorporation, 4) location of the new business, and 5) business facilities.

1) Property

When the applicant is a corporation and needs to have financial backing above a certain amount, the business is required to have a prescribed amount or greater of capital, net assets, and current bank balance.

With the enactment of the new Corporate Law, it has become possible to establish a company with an initial capital of one yen. However, to receive authorization, capital above a certain amount may be required as a precondition. If a company is readily established without taking this into account, an increase in capital may become necessary when applying for authorization.

More than 10 million yen in net assets is required for a General manpower agency, and more than 5 million yen of net assets is needed for Fee-charging employment referral service.

Cash/balance above a certain amount may also be required.

2) Qualifications

Authorization may be given on the condition that the applicant satisfies certain qualifications. This requirement applies to the applicant himself, when the applicant is an individual, and to board members or employees, when the applicant is a corporation.
Points to Consider when Planning an Authorized Business

Qualifications may vary, from passing a national examination to attending a day or several days of lectures. For example, to receive authorization to manufacture and sell cosmetics, a full-time pharmacist must be employed and placed in charge of overall manufacturing and sales, as will be discussed in detail in a separate section of this booklet. (In addition to pharmacists, persons who have specific academic qualifications and experience, such as persons who have majored in chemistry at a university or high school, also qualify.) When obtaining a business permit as an eating and drinking establishment, persons who have national certification as a licensed cook or dietician naturally qualify as a food hygiene supervisor, but even persons who do not have such license may become a food hygiene supervisor by attending a lecture class (1 day).

A personnel condition required to obtain authorization may simply be to attend a lecture class, but attendance may not be immediately possible, perhaps due to an excessive number of applicants. An applicant may need to wait as long as maybe two months after applying to a lecture, to actually attend it. This may affect the timing of commencing business operations, so it is a good idea to consider in advance whether attendance is required or not, and if so, what kind of lecture class needs to be attended.

3) Description of the article of incorporation

When establishing a corporation, the business purpose is specified in the article of incorporation, and registered. However, in some cases, a clear description of the business targeted for such authorization may need to be given in the business purpose.

Also, even if a description may pose no problem as a requirement for registration of incorporation, a more accurately termed description may be required to obtain authorization. For example, to obtain authorization for a manpower agency, the term "Manpower agency" must be used. The term "Temporary staffing agency" is not appropriate.

Therefore, when establishing and starting a corporation for a business requiring authorization, refer to guidelines on how to describe business purpose in an article of incorporation, issued by the relevant government administration office, or inquire at the reception window whether the description is correct, before creating an article of incorporation.

4) Location of the new business

Aside from authorization, there are restrictions as to where business facilities may be built. They cannot be built just anywhere one desires. There are also restrictions as to what types of facilities can be built in certain areas. These areas are called "use districts (yoto chiiki)."

Restrictions for building shops, such as eating and drinking establishments, are shown in the chart below.

<table>
<thead>
<tr>
<th>Use district</th>
<th>Shops that may be built (such as eating and drinking establishments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusive districts for low-rise residences Category I</td>
<td>Residences that double as an office, shop, etc. (with the non-residential part occupying a floor area less than 50m² and no more than half the total floor area of the building)</td>
</tr>
<tr>
<td>Exclusive districts for low-rise residences Category II</td>
<td>Shops with a floor area of less than 150m²</td>
</tr>
<tr>
<td>Exclusive districts for mid-to-high-rise residences Category I</td>
<td>Shops with a floor area of less than 500m²</td>
</tr>
<tr>
<td>Exclusive districts for mid-to-high-rise residences Category II</td>
<td>Shops with a floor area of less than 1,550m²</td>
</tr>
<tr>
<td>Category I residence districts</td>
<td>Shops with a floor area of less than 3,000m²</td>
</tr>
<tr>
<td>Category II residence districts</td>
<td>Construction allowed</td>
</tr>
<tr>
<td>Semi-residence districts</td>
<td>Construction allowed</td>
</tr>
<tr>
<td>Neighborhood commercial district</td>
<td>Construction allowed</td>
</tr>
<tr>
<td>Commercial district</td>
<td>Construction allowed</td>
</tr>
<tr>
<td>Semi-industrial district</td>
<td>Construction allowed</td>
</tr>
<tr>
<td>Industrial district</td>
<td>Construction allowed</td>
</tr>
<tr>
<td>Exclusive industrial district</td>
<td>Construction not allowed</td>
</tr>
</tbody>
</table>
Points to Consider when Planning an Authorized Business

Be sure to confirm in advance what kind of building structure can be built in the desired business area. The district type of the desired business area may be confirmed at the construction department at the city office. It may also be found on city office websites, etc., and maps may be purchased at places where publications are sold at city offices, etc.

There is another restriction regarding business authorization. That is, a distance restriction for business establishments. Business establishments are required to be a specified distance from certain facilities located in the area. For example, for authorization of a hotel business, the business must, in principle, be more than 100m from schools and kindergartens.

When considering a business location, determine whether a distance restriction applies as a condition for the authorization of the desired business.

5) Business facilities

As a condition for obtaining authorization, a business establishment may be required to be of a specific size, or to have specific structural facilities. For example, a manpower agency must have an establishment with an area of more than 20m². A realty business must have an office with an independent entrance/exit, and not a shared office.

A business permit for hotel businesses and eating and drinking establishments requires certain structural facilities in guest rooms and kitchens, as appropriate to the business. Some of the facilities are required under the Food Sanitation Law and Hotel Business Law, and others under the Fire Defense Law.

When looking for real-estate property for a business establishment or when planning interior construction works, consider in advance what kind of location is required for the business establishment for which authorization is sought.

(3) Determining whether to obtain authorization as a corporation or a personal business

Authorization may be obtained by either an individual or a corporation, for some businesses, while it is granted only to corporations, in other businesses, such as the nursing business.

In cases where authorization can be obtained as either a corporation or as an individual, one may wonder which to choose. While it cannot be specifically said which choice is better for a business requiring authorization, it is important to note that obtaining authorization as a corporation may be better in some cases, depending on the business category. For example, both would be acceptable for businesses that do not require any special location or facilities, such as an antique dealer, but a corporation would be more suitable for businesses that require a certain amount or more of assets.

It should also be noted that, in most cases, authorization cannot be transferred. For example, if an individual has obtained authorization and has started a certain business, but wishes to expand and establish a corporation, authorization will need to be obtained once again in order to continue the business. Authorization will likely be granted, if the individual has previously obtained authorization and has conducted the business up to now, and if the same business is to be performed at the same place. However, sometimes, a business that used to be conducted at a certain location may not be allowed to continue at that location, due to law revision or changes in the environment. In such cases, the previous authorization will not be immediately cancelled or invalidated, but new authorization may not be granted, and the business cannot continue in the same place.
2. Business Structure and Authorization

(1) Determining whether a business requires authorization

Even when a certain aspect of a business requires authorization, there are cases where authorization for the business as a whole suffices, or where no authorization is required in the first place. Here are a few examples.

1) Serving alcohol after midnight

To serve alcohol after midnight, a permit to operate an eating and drinking establishment is firstly required. If the establishment does not serve “principal meals,” a notification of “Alcohol Service after Midnight in an Eating and Drinking Establishment Business” must be filed with the public safety commission holding jurisdiction.

2) Installing a TV game in the shop

Businesses that install a TV game machine in the shop, require a permit from the public safety commission, depending on the contents of the game machine and conditions of the shop.

Game machines generally require a permit from the public safety commission, with the exclusion of those that do not have an element of competitive scorekeeping. However, no permit is required if the floor area used by customers to play the game (approx. three times the installation dimensions of the machine) does not exceed 10% of the total area of one floor of the shop.

(2) Determining which authorization and how many authorizations are required

Whether authorization is required or not sometimes differs even among businesses that are similar in content and structure. Furthermore, a business may require two or more types of authorization. These points should be considered when planning a business.

Examples of such businesses are shown below.

1) Import of cosmetics

As explaining separately for details, but there are two kinds of permits for importing and selling cosmetics—permits as a "Cosmetics Manufacture and Sales Business" and a "Cosmetics Manufacturing Business."

2) Temporary to permanent worker dispatch

In the worker dispatch scheme, there is a dispatch contract called "Temporary to permanent worker dispatch," which requires two kinds of permits—permits as a "Manpower agency" and a "Fee-charging employment referral service."

3) Cake shops

A confectioneries manufacturing business requires a permit to manufacture and sell cakes and Japanese-style confectioneries. In cases where customers can eat and drink in the shop, a separate business permit for eating and drinking establishments is also required.

4) Provision and sale of alcohol in eating and drinking establishments

A business does not require a liquor selling license to provide alcohol to customers for drinking inside the shop, as long as it has a permit as a eating and drinking establishment. However, a business requires a license to sell unopened bottled alcohol to customers for drinking at home. The manager of such an eating and drinking establishment must, in addition to satisfying the conditions for a regular general liquor retail business license, satisfy the following conditions.

i. The locations of the eating and drinking establishment and liquor shop are separate.

ii. Measures are taken to avoid mixing alcohol that is used as drinks at the eating and drinking establishment and alcohol that is sold as merchandise, etc., such as clearly classifying purchase, sales and inventory control of liquor for drinking and for selling, and keeping a record for confirmation.
3. Clarifying whether or not authorization is required

Whether obtaining authorization is needed or not is not always clear when planning to start a business. If you are unsure, consider the following procedures.

(1) Research the Internet.

The Internet is primarily the most convenient means of research for all matters. Search for websites of related government administration offices and websites of experts such as Administrative Scrivners by business type, product name, name of service, etc., and keywords such as “permission” and “notification.”

You can gain a general idea by browsing these sites. The websites of the related government administration office provide downloadable guidelines for business authorization, as well as announcements for explanatory sessions to those who wish to obtain authorization for their business.

(2) Consult with the relevant government administration office.

Once you have gained general understanding of the requirements for authorization of your desired business, and have located the relevant government administration office, contact the consultation desk at the government administration office. The consultation desk will kindly provide information on the conditions, etc., for authorization. For a worthwhile consultation, ask questions based on a specific business plan, rather than just general terms, and take along a drawing of your shop, product samples, and products manuals.

(3) Take advantage of free consultation services.

In addition to consultations with the related government administration office, also take advantage of the free consultation services that are provided by each prefecture to support new and existing businesses.

The services vary slightly from one prefecture to another. Some provide consultation at a “Center for business establishment / venture support” organized by the prefecture, while others provide consultation at a “Center for the promotion of small-and medium businesses,” etc., that are affiliated organizations of the prefecture. Free consultation is also provided by Administrative Scrivners organizations of each prefecture at the municipal offices, and by the municipal Chamber of Commerce and Industry and Society of Commerce and Industry. Times and dates for consultations, and related subjects are provided on the websites of each prefecture, municipal office, and Administrative Scrivners organizations of each prefecture, as well as in public relations magazines issued by each local government. These free consultation services are worth looking into.
### Points to Consider when Planning an Authorized Business

#### Reference) Example of business categories requiring authorization to start operations

<table>
<thead>
<tr>
<th>Business description</th>
<th>Application / information desk</th>
<th>Property conditions <em>Note 1</em></th>
<th>Installation of licensed persons, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>&lt;Manufacture / Sales Business&gt;</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food manufacturing or sales business</td>
<td>Relevant public health department</td>
<td>□</td>
<td>Food hygiene supervisor (a licensed nutritionist, or a person who has completed a relevant training program)</td>
</tr>
<tr>
<td>Alcohol production or sales business</td>
<td>Relevant tax office</td>
<td>□</td>
<td>Liquor sales manager (when starting sales)</td>
</tr>
<tr>
<td>Secondhand business (recycle shop, etc.)</td>
<td>Relevant police department Life safety division</td>
<td>□</td>
<td></td>
</tr>
<tr>
<td>Medical and quasi-medical product manufacturing and sales business (including import sales)</td>
<td>Pharmaceutical affairs division of the prefecture</td>
<td>□</td>
<td>General manufacture and sales manager (Pharmacist, etc.)</td>
</tr>
<tr>
<td>Cosmetic manufacturing business / manufacturing and sales business (including import sales)</td>
<td></td>
<td>□</td>
<td>General manufacture and sales manager (pharmacist, etc.)</td>
</tr>
<tr>
<td>Medical product, quasi-medical product, and cosmetics manufacturing business</td>
<td></td>
<td>□</td>
<td>Supervising technician (pharmacist, etc.)</td>
</tr>
<tr>
<td>Medical equipment manufacturing business / Manufacture and sales business (including import sales)</td>
<td></td>
<td>□</td>
<td>General manufacture and sales supervisor (persons with 3 years or more experience in quality management work after completing a specified course at the university, etc.)</td>
</tr>
<tr>
<td>Managed-care equipment lease business</td>
<td>Relevant public health department * Note 2</td>
<td>□</td>
<td>Business supervisor (persons with relevant qualification, such as pharmacist or doctor, or persons who have a certain number of years of work experience and has attended a basic lecture)</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>Relevant public health department</td>
<td>□</td>
<td>Supervising pharmacist</td>
</tr>
<tr>
<td>Poisonous and deleterious substance manufacturing or sales business</td>
<td>Relevant public health department or department in charge of city public health</td>
<td>□</td>
<td>Poisonous and deleterious substance handling supervisor (pharmacists or persons who have passed the poisonous and deleterious substance handling examination)</td>
</tr>
<tr>
<td>High pressure gas sales business</td>
<td>Department in charge in the prefecture, etc.</td>
<td>□</td>
<td>High pressure gas sales manager (Category I sales manager with more than 6 months of work experience)</td>
</tr>
<tr>
<td>Pet shop (animal handling business)</td>
<td>Relevant animal protection consultation center, public health department, etc.</td>
<td>□</td>
<td>Animal handling business owner (persons who have attended the training program held by the local government)</td>
</tr>
<tr>
<td><strong>&lt;Realty businesses / Construction businesses&gt;</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction business</td>
<td>Department of the prefecture in charge</td>
<td>□</td>
<td>In the case of general construction businesses Manager in charge of managerial activities (a director or business owner with a certain amount of business experience) Exclusive technician (a person with a construction license relevant to the construction task or a certain amount of experience)</td>
</tr>
<tr>
<td>Realty business (real estate business)</td>
<td>Department of the prefecture in charge * Note 3</td>
<td>□</td>
<td>Registered real-estate transaction manager (one qualified person for every 5 exclusive employees)</td>
</tr>
<tr>
<td>Electrical work business</td>
<td>Department of the prefecture in charge</td>
<td>□</td>
<td>In the case of a registered electrical power supplier, A chief electrician (Category I electrician, etc.)</td>
</tr>
<tr>
<td><strong>&lt;Transportation business, etc.&gt;</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger transport business (general / specialized)</td>
<td>District transport bureau or transportation branch office</td>
<td>□</td>
<td>Implementation of a guidance course Operation manager / M aintenance manager</td>
</tr>
<tr>
<td>Cargo transport business (general / specialized / special loading)</td>
<td>District transport branch office</td>
<td>□</td>
<td>Implementation of a guidance course Operation manager / M aintenance manager</td>
</tr>
<tr>
<td>Warehouse business</td>
<td>District transport bureau or maritime transport office</td>
<td>□</td>
<td>2 years or more experience as a lead supervisor, etc. A course for chief warehouse managers is available.</td>
</tr>
</tbody>
</table>
## Points to Consider when Planning an Authorized Business

<table>
<thead>
<tr>
<th>Business description</th>
<th>Application / information desk</th>
<th>Property conditions ¹Note.)</th>
<th>Installation of licensed persons, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Service businesses and others</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eating and drinking establishment</td>
<td>Relevant public health department</td>
<td>□</td>
<td>Food hygiene supervisor (a licensed nutritionist, or a person who has completed a relevant training program)</td>
</tr>
<tr>
<td>Hotel business (hotels, Japanese inns, low-cost lodgings, boarding houses, etc.)</td>
<td>Relevant public health department</td>
<td>□</td>
<td></td>
</tr>
<tr>
<td>Travel business</td>
<td>District transport bureau or counter of the prefecture in charge</td>
<td>□</td>
<td>General travel service manager</td>
</tr>
<tr>
<td>Temporary staffing agency (general manpower agency)</td>
<td>Labor department of the prefecture</td>
<td>□</td>
<td>Head of the manpower agency (attendance to a relevant course, a certain amount of business experience as an adult)</td>
</tr>
<tr>
<td>Temporary staffing agency (specific manpower agency)</td>
<td>Labor department of the prefecture</td>
<td>□</td>
<td>Head of the manpower agency (attendance to a relevant course is optional, certain amount of business experience as an adult)</td>
</tr>
<tr>
<td>Fee-charging employment referral service Free employment referral service</td>
<td>Labor department of the prefecture</td>
<td>□</td>
<td>Attendance to a course for employment introduction supervisors 3 years or more work experience as an adult (only for Fee-charging employment referral service)</td>
</tr>
<tr>
<td>General waste collection and transport business</td>
<td>Counter in charge of the municipal area</td>
<td>□</td>
<td>Technical manager (person who has passed the assessment examination (for the 23 wards in Tokyo))</td>
</tr>
<tr>
<td>Industrial waste collection and transport business</td>
<td>Counter in charge of the prefecture, etc.</td>
<td>□</td>
<td>Attendance to a designated course</td>
</tr>
<tr>
<td>Home nursing visits (designated home service business)</td>
<td>Division in charge of nursing-care insurance of the municipality</td>
<td>□</td>
<td>Must be a legal corporation Service provision supervisor (welfare caretaker, Class 1 home helper, etc.) Visiting care nurses</td>
</tr>
<tr>
<td>Paid elderly care facility business</td>
<td>Counter of the prefecture in charge</td>
<td>□</td>
<td>Installation of certified persons such as care workers, nurses, etc.</td>
</tr>
<tr>
<td>Money-lending business</td>
<td>Finance service association in each prefecture</td>
<td>□</td>
<td>Chief of money-lending operation handling (exclusively appointed chief must attend a training for money-lending operations within 6 months after completion of registration)</td>
</tr>
<tr>
<td>Barber business</td>
<td>Relevant public health department</td>
<td>□</td>
<td>Managing barber</td>
</tr>
<tr>
<td>Beauty business</td>
<td>Relevant public health department</td>
<td>□</td>
<td>Managing beautician</td>
</tr>
<tr>
<td>Cleaning business</td>
<td>Relevant public health department</td>
<td>□</td>
<td>Cleaning technician</td>
</tr>
</tbody>
</table>

¹Notes: In principle, this column shows fund conditions.
²Notes: Preparatory funds of a certain amount or more are required to obtain a permit.
³Notes: There are no clear monetary conditions for obtaining authorization, but financial conditions and assets are taken into consideration at the screening.
⁴Notes: There are no conditions concerning funds, for obtaining authorization.
⁵Notes: In the case of high-level managed care equipment / and specific managed care equipment.
⁶Notes: Business security deposit.
To manufacture or sell food, or to provide food for customers to consume in a shop, a business license based on the Food Sanitation Law and the ordinances of each prefecture is required.

(1) Licenses Related to the Manufacture and Sale of Food, and to the Operation of an Eating and Drinking Establishment

Under the following cases, for the following business categories to manufacture, sell, or cook food, a license by the director of the relevant Public Health Department governing the business location is required when starting a business, based on the Food Sanitation Law and the ordinances of each prefecture.

<table>
<thead>
<tr>
<th>Business Category</th>
<th>Required Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing business</td>
<td>Manufacture of confectioneries, red bean jam, ice cream, dairy products, meat products, fish cake products, carbonated drinks, lactic acid beverages, ice, edible fat and oil, margarine or shortening, soy bean paste, soy sauce, Worcester sauce, alcohol, tofu, fermented soybeans (natto), noodles, deli foods, canned or bottled foods, and additives.</td>
</tr>
<tr>
<td>Sales</td>
<td>Sale of milk, meat, and seafood, seafood auctioning, and ice sales.</td>
</tr>
<tr>
<td>Cooking business</td>
<td>Operation of eating and drinking establishments (*Note 3), operation of cafes.</td>
</tr>
</tbody>
</table>

*Notes 1: Shaded items above are businesses requiring a license based on the Tokyo Food Manufacturing Industry Control Ordinance. Business categories requiring a license by ordinance varies according to each local government. The ordinance also specifies other business categories requiring some form of notification or report when starting a business, such as the sales of Japanese sweets, toy manufacturing in part, and peddling. |

*Notes 2: This category includes the sale of boxed lunches (bento), deli foods, dairy products, meat products, processed seafood, and other foods that can be consumed without cooking or processing. |

*Notes 3: This category includes cooking and sale of food such as takoyaki dumplings and ramen from an outdoor stall or car. |

(2) Brief Flow of Procedures

1. Prior consultation (Relevant Public Health Department)

2. Submission of application

3. Construction completion

4. Confirmation inspection

Before constructing a facility, consult with the person in charge of food hygiene at the relevant public health department governing the business location.

- Bring plan views and other relevant materials that provide details of the entire facility and kitchen, etc.
- Confirm compliance with facility standards (described later).

The following must also be satisfied:

- Appointment of a food hygiene supervisor
- Implementation of a water quality inspection (if storage tank or well water is used)
- Certification of the food hygiene supervisor, license application fees*

*The fees for license application differ by each prefecture.

Submit the application about 10 days before the day on which facility construction is scheduled to be completed, and make arrangements for facility inspection.

(Application documents)

- Application for a business license, outline/layout drawings of the business facility, certificate of registered items (in the case of a corporation)
- Results of the water quality inspection report (if storage tank or well water is used)
- Certification of the Food Hygiene Supervisor, permit application fees*

*The fees for permit application differ by each prefecture.

Confirm that the completed facility meets the facility standards, based on the documentation submitted in advance.

If an item is deemed insufficient, receive a re-inspection after improvements are made.
(3) Main Requirements for Obtaining a License

1) Personnel requirements
   - None of the following causes for disqualification should apply to the applicant (including the board member who performs operations).
     a) A person who has received a sentence for violating the Food Sanitation Law, and for whom two years have not passed from the date of completion of the sentence.
     b) A person whose license has been revoked in accordance with regulations of the Food Sanitation Law, and for whom three years have not passed since the revocation.
   - Appointment of a food hygiene supervisor
     At each licensed facility, a food hygiene supervisor must be hired and appointed from among the personnel to manage the facility / handling, etc., during normal operating hours.  
     [Qualifications of a food hygiene supervisor]
     - Persons with qualifications as a nutritionist, chef, confectionery hygienist, health administrator for handling poultry, or ship's cook
     - Persons with qualifications as a food sanitation inspector or food hygiene supervisor (doctor, dentist, veterinarian, pharmacist, and those who have graduated from a specific university department, etc.)
     - Persons who have completed a specified training program to obtain the qualification of a food hygiene supervisor (attendance to a training program in other prefectures is also acceptable)

   - Assignment of a food hygiene manager (business owner who manufactures or processes specific foods)
     For the following business categories, a full-time food hygiene supervisor must be hired for each facility.
     - Manufacturing of whole powdered milk (cans with less than 1,400g capacity), sweetened milk powder, formula milk, meat products, fish ham, fish sausages, irradiated food, edible fats and oil (manufactured through bleaching or deodorization), margarine, shortening, additives with regulated standards
     [Qualifications of a food hygiene manager]
     - Doctor, dentist, veterinarian, pharmacist
     - Persons who have completed courses in medical science, dentistry, pharmaceutical sciences, veterinary medicine, zoo-technical science, science of fisheries, and agricultural chemistry at a university
     - Persons who have completed training to obtain qualification as a food hygiene manager (3 years or more business experience is required to participate in the program)

2) Business facility standards
   - Standards concerning business facilities
     Standards for business facilities include common standards that apply to all store types and specific standards that apply to individual store types.
Example of Procedures for Obtaining Authorization to Start a Business

Structure of the business facility

| Location | Sanitary place |
| Building | Durable structure such as with an iron frame, reinforced concrete, wooden structure, etc. |
| Partition | Compartamentalized by walls and boards, according to the purpose of use |
| Dimensions | Size appropriate to the handling capacity of the business |
| Floor | Tile, concrete, or other water-resistant materials that drain water and are easy to clean |
| Inside walls | Structure that is water resistant up to 1m above the floor and is easy to clean |
| Ceiling | Structure that is easy to clean |
| Brightness | More than 50 lux. |
| Ventilation | Equipment such as a ventilation fan to eliminate smoke, steam, etc. |
| Surrounding structure | The surrounding ground is paved with a water-resistant material, drains water, and is easy to clean. |
| Mice, rat and insect control | Installation of pest control equipment (Prevent pest intrusion using screen doors, automatic doors, etc. Install iron bars and metal wires along drainage channels.) |
| Cleaning equipment | Running-water facilities for washing materials, food and utensils, and exclusive running-water hand-washing facilities and hand disinfection equipment for employees |
| Changing room | Installation of a clean changing room or lockers that are suitable to the number of employees, outside the working section |

Food handling facilities

<table>
<thead>
<tr>
<th>Handling facilities</th>
<th>Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of equipment, etc.</td>
<td>Equipment and appliances, container and packages appropriate to the handling capacity of the business</td>
</tr>
<tr>
<td>Location of equipment, etc.</td>
<td>Equipment and appliances that are difficult to move are located where they can be conveniently accessed, cleaned, and washed.</td>
</tr>
<tr>
<td>Storage facilities</td>
<td>Installation of facilities for the sanitary storage of raw material, food, and utensils, etc.</td>
</tr>
<tr>
<td>Utensil material, etc.</td>
<td>Utensils that are water-resistant and easy to wash, and can be disinfected by hot water, steam, or bactericidal agent.</td>
</tr>
<tr>
<td>Delivery equipment</td>
<td>Installation of clean food-delivery equipment that is insect proof, dust-proof, and provides cold insulation, as needed</td>
</tr>
<tr>
<td>Gauges</td>
<td>Installation of thermometers and pressure gauges in designated equipment</td>
</tr>
</tbody>
</table>

Water supply and waste disposal facilities

<table>
<thead>
<tr>
<th>Handling facilities</th>
<th>Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>Equipment for abundant supply of tap water and drinking water. The water storage tank is sanitary.</td>
</tr>
<tr>
<td>Toilet</td>
<td>A sufficient number of toilets according to the number of employees are installed or built in locations that do not affect the working area and can be easily accessed. Pest control devices for mice and insects, designated running-water hand washing basin, and hand disinfection equipment are installed.</td>
</tr>
<tr>
<td>Waste disposal facilities</td>
<td>Facilities that have a lid, are water resistant, has sufficient capacity, are easy to clean, and does not leak foul liquid and foul smell.</td>
</tr>
<tr>
<td>Storage of cleaning equipment</td>
<td>Cleaning tools and storage facilities specifically for the working area</td>
</tr>
</tbody>
</table>

[Specific Standards]

Standards for the required items of each business category, such as facilities, compartments, equipment and appliances, refrigeration installation, drainage, are established according to business category. (Refer to the ordinances of the Food Sanitation Law executed by each prefecture.)

The description of common and specific standards and the specific business category type differs in each local government, so contact the relevant Public Health Department for details.

(4) **Other Notifications, etc.**

1) Notification after starting a business

In the following cases, an application must be made or a notification submitted to the relevant public health department.

i. Application for renewal: Apply one month before the date of expiry of the license.

* Licenses are valid for 5-8 years depending on the license business category / business type, building, facility building materials, etc.

ii. Notification of changes

- When a change occurs in the following items, submit a notification of change, along with the business license, within 10 days from the day of the change.
- Change in last name due to marriage or divorce, change of address of the business owner (when the applicant is an individual)
- Change of business name or name of representative, change in the location of the headquarters (in the case of a corporation)
- Change of name of the business owner or store name
- Partial change of the facility outline, change in form of the corporation (a new business license may be required depending on the conditions)

iii. Business closure notification

In the following cases, a business closure notification must be submitted, attached with the business license, within 10 days of the closure.

- Business termination
- Transfer of business location, change of the business owner, or change of the business facility (any of which require a new business license)

2) Notification to the Public Safety Commission (police), etc.

To entertain customers at an eating and drinking establishment or to provide alcohol after midnight, a notification to the Public Safety Commission is required in addition to the license based on the Food Sanitation Law.

i. Eating and drinking establishment serving alcohol after midnight

A notification is required of eating and drinking establishments that provide alcohol to customers after midnight (after 0 AM until sunrise), such as snack bars, Japanese style bars, and bars (excluding those providing meals which are normally recognized as main meals, as the ordinary state of business). However, the notification will not be accepted unless the necessary conditions are satisfied.

ii. License for businesses offering food and entertainment

A license from the Public Safety Commission is required for businesses that provide entertainment, eating and drinking, such as clubs and cabarets.

(5) **Other Points for Consideration**

1) Importing industrial-use food materials, etc.

When importing food for the purpose of sale and business, procedures based on the Food Sanitation Law must be observed. The importer must prepare a “Notification of import of food, etc.” and the necessary documents (manufacturing process chart and, when importing from a cholera infected zone, a sanitation certificate from the government agency of the exporting country), and submit them to the relevant quarantine station of the Ministry of Health, Labour and Welfare, at the location where customs clearance will be carried out. Further investigation may be required as a result of notification screening, and plant quarantine or animal quarantine procedures may be required depending on the type of food that is imported.

When handling food for the first time, it is a good idea to import a sample of the food product in advance, receive prior consultation at the imported food quarantine monitoring office, and receive voluntary inspection at an inspection agency registered with the Minister of Health, Labour and Welfare. Submitting the inspection report along with the necessary documents may facilitate import procedures.
2) Food labeling
When marketing food items, a label showing items prescribed by the Food Sanitation Law, JAS Law (Law Concerning Standardization and Proper Labeling of Agricultural and Forestry Products), and / or Measurement Law must be affixed to the product in Japanese and according to the regulated method. As the items to be displayed are regulated by the type and category of food, confirmation should be made before beginning sales.

2. Import and Sale of Alcoholic Beverages
A seller's license is required to sell imported liquor. There are different kinds of liquor licenses depending on to whom the liquor is sold and how it is sold. They include "Import Liquor Wholesale License," "All Liquor Wholesale License," "General Liquor Retail License," and "Mail-Order Retail License."

(1) Licenses Related to the Import and Sale of Alcohol
Beverages with more than 1% alcohol are defined as liquor under the Liquor Tax Law. Licenses relating to these beverages are as follows.

1) Import Liquor Wholesale License
Imported liquor can be sold wholesale to liquor distributors, but cannot be sold retail to general consumers. Domestic liquor cannot be sold wholesale under this license.

2) All Liquor Wholesale License
Domestic and imported liquor can be sold wholesale, but not sold retail.

3) General Liquor Retail License
Domestic and imported liquor can be sold to consumers, eating and drinking establishments, and manufacturers of confectioneries and other food items, but not wholesale.

4) Mail-Order Retail License
This license allows the following types of sales activities.
   i. Sales that target consumers over a wide area spanning two or more prefectures
   ii. Retail sale of liquor that is conducted by providing product descriptions, sales prices, and other conditions over the Internet or by catalog distribution, and receiving purchase orders by mail, telephone, and other means of communication
   iii. Liquor sales are limited to liquor domestically produced and sold by producers with a taxable shipping volume of less than 3,000kl a year, and imported liquor.

(2) Brief Flow of Procedures

<table>
<thead>
<tr>
<th>Consultation with the tax office</th>
<th>After confirming the conditions for a license, consult with the relevant tax office governing the location of the liquor sales.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission of application</td>
<td>In principle, application to the relevant tax office can be made anytime.</td>
</tr>
</tbody>
</table>

[Main application documents]
- License application
- Condition of the sales location site
- Layout plan of the building, etc.
- General outline of the business
- Income and expenditure forecast
- Amount of funds required and procurement method
- Items related to liquor sales and management
- Promissory letter
- Resume of the applicant
- Copy of contract
Main Requirements for Obtaining a License

The requirements for liquor sales are largely classified into the following categories; personnel requirements, location requirement, management foundation requirement, and supply/demand adjustment requirement.

1) Personnel requirements

(Causes for disqualification: The applicant does not meet the stipulations set forth in Liquor Tax Law Article 10, Paragraphs 1-8.)

Personnel requirements (causes for disqualification) related to the applicant include the following. A license will not be granted, if any of them apply to the applicant.

Disqualification cause related to Paragraph 1:

The applicant has been refused a license under the Liquor Tax Law or the Alcohol Business Law.

Disqualification cause related to Paragraph 2:

The applicant was a board member within the year prior to the cancellation of a corporate license, and 3 years have not passed since the date of cancellation of that license.

Disqualification cause related to Paragraph 3:

The applicant is a minor, an adult ward of the state, or a person under conservatorship or assistance, whose legal representative falls under a cause of disqualification (Paragraphs 1, 2, 7, 8).

Disqualification cause related to Paragraph 4:

The applicant or legal representative is a corporation, and a board member falls under a cause of disqualification (Paragraphs 1, 2, 7, 8).

Disqualification cause related to Paragraph 5:

The chief manager falls under a cause of disqualification (Paragraphs 1, 2, 7, 8).

Disqualification cause related to Paragraph 6:

The applicant has received a disposition for failure to pay national tax or local tax within 2 years prior to license application.

Disqualification cause related to Paragraph 7:

The applicant has been sentenced to a fine under laws and regulations related to national or local tax, the Liquor Business Association Law, or the Alcohol Business Law, or has received a notification disposition according to the stipulations of the National Tax Violation Control Law, and three years have not passed from the date of completion of the sentence.

Note: What is a liquor sales manager?

A liquor sales manager provides advice to the liquor retailer, or provides guidance to employees who engage in liquor sales, to ensure that business is carried out in line with laws and regulations regarding liquor businesses, and that liquor is properly sold and managed at the appointed sales location.

The liquor retailer must select a liquor sales manager from among those who engage in liquor sales, at each liquor sales location. If this obligation is neglected, a fine or non-penal fine may be imposed, and the license may be cancelled.

The liquor sales manager selected by the liquor retailer must receive training in liquor sales management within 3 months of the appointment, to ensure effective and proper management of liquor sales.

Example of Procedures for Obtaining Authorization to Start a Business
Disqualification cause related to Paragraph 7-2:
The applicant has been sentenced to a fine under such laws as the Law Prohibiting Minors From Drinking, the Law concerning the Promotion of Proper Businesses in the Food and Entertainment Industry (limited to sections relating to the provision of alcohol to minors), Unfair Action by a Gang Member according to the Prevention Act, Criminal Law (limited to insults, violence, unlawful assembly with dangerous weapons, threat, and breach of duty, etc.), and Law against Violent Behavior, etc., and three years have not passed from the date of completion of the sentence.

Disqualification cause related to Paragraph 8:
The applicant has been sentenced to a penalty more severe than imprisonment, and three years have not elapsed from the date of completion or invalidation of the sentence.

2) Location requirement (the sales location is not an inappropriate location in terms of law enforcement)
   "The sales location is not an inappropriate location in terms of law enforcement" specifically means the following.
   i. The relevant sales location is not the same location as a liquor production plant, other liquor selling places, a bar, hotel, or restaurant.
   ii. Operations at the relevant sales location is clearly separate from the operations of other business entities, in terms of its layout, the employment or non-employment of exclusive sales personnel, independent payment system, and sales activities.

3) Management foundation requirement (the management foundation is not weak)
The management foundation is deemed weak, when the applicant shows a considerable deficiency in material, personnel, and financial elements of management, such as a lack of funds required for business management, weak credibility, inadequate sales equipment, and lack of management ability, and payment of sales proceeds to the alcohol producer is expected to be difficult.

(Note) "Applicant, etc." refers to the person who applies, the board member in the case of a corporation (limited to one with representation authority), or the main capital investor.

The following are requirement examples that apply in the case of a Mail-Order Retail License.

i. In addition to not having filed for bankruptcy and not being reinstated, an applicant is someone who does not fall under categories of items a)-g) below, but fulfills the conditions in paragraphs 2-4 below.
   a) Persons who have delinquent payments of national and local taxes
   b) Persons who have experienced a suspension of bank transactions within the year prior to making the application
   c) The balance/loss brought forward on the balance sheet based on the final settlement of accounts of the last business year exceeds the amount of capital, etc.
   d) A loss of more than 20% of capital, etc. has been incurred each business year for the past three business years.
   (Note) "Amount of capital, etc." means the amount obtained when the earned surplus carried forward is subtracted from the sum amount of capital stock, capital surplus, and accumulated earnings (for the business year which ended prior to enforcement of the Company Law, this refers to the unappropriated income or the unappropriated deficit of that year).
   e) Persons who have violated a law or regulation related to liquor taxes and have received a notification disposition but have not carried them out, or have been prosecuted.
   f) The relevant sales place is in violation of the Building Standard Law, City Planning Law, Agricultural Land Act, Law on the Maintaining the Distribution of Operations in Urban Areas, or other acts or regulations of the local government, and has received orders for closure or relocation.
   g) It is clear that there is little possibility for the establishment of a proper management system for the sale of alcohol at the relevant liquor retail sales location.

ii. The applicant is a person or a corporation organized by persons who are recognized as having sufficient knowledge, management ability, and sales ability to conduct fair alcohol correspondence sales based on experience, targeting consumers in a wide area spanning two or more prefectures.
iii. The applicant has the required funds, etc., to conduct correspondence sales of alcohol according to a sales method compliant to regulations that protect consumers under the Specific Business Transaction Law (1976 Law Article 57), and satisfies labeling standards regarding the prohibition of underage drinking (notification of the National Tax Administration Agency) or assures the prospect of compliance to this regulation.

iv. It is assumed that the applicant will take measures to confirm the age of people who purchase liquor.

(Note) In addition to screening methods for confirming the age of people purchasing the liquor, this includes providing counsel, as necessary, regarding labeling of alcohol in correspondence sales, according to labeling standards regarding the prohibition of underage drinking (notification of the National Tax Administration Agency, November 22, 1989, Article 9) that is based on Union Act Article 86-6 "<<Standards for liquor labels>>.

4) Supply/demand adjustment requirement (there is no problem regarding the adjustment of supply and demand)

i. Import Liquor Wholesale License

There are no requirements regarding the adjustment of supply and demand.

ii. All Liquor Wholesale License

a) Wholesale district

A wholesale district is a district unit that is established for adjusting the supply and demand of the number of sales locations possessing an All Liquor Wholesale License and the amount of all liquor consumed. In principle, the jurisdiction of a tax office is established as a unit, by the director of the tax office.

b) Supply/demand adjustment requirement

A license is granted when the forecasted wholesale amount per sales location after obtaining the license, as calculated by the given formula, is more than double (triple for the 23 wards of Tokyo and Osaka city) the standard wholesale amount of all liquors (720kl for large cities, 270kl for areas outside large cities, in terms of forecasted annual average sales amount).

However, even if the above requirement is satisfied, a license may not be granted, when the business status or transaction records of the existing liquor wholesaler indicate that granting a license may upset the supply and demand balance of liquor and hinder the collection of liquor tax.

c) Granting an All Liquor Wholesale License to a joint-purchase organization of small-scale business owners

When two or more small-scale liquor wholesalers get together and establish a legal corporation to sell liquor only to liquor wholesalers who are members of the corporation, the supply/demand adjustment requirement and funding requirements do not need to be met.

d) Granting an All Liquor Wholesale License to a joint-purchase organization of liquor retailers

The supply/demand adjustment requirement does not apply to cooperative unions that are organized by a number of liquor retailers for the joint purchase of alcohol, etc. under the Cooperative Union Law for medium and small companies, etc.

iii. General Liquor Retail License

Those who fall under either of the following articles will not be eligible to receive a General Liquor Retail License for an undetermined period of time.

a) A corporation or organization whose selling destinations are restricted to its members, according to the main objective of its establishment. However, this does not apply if 1) the majority of the residents in the vicinity of the relevant sales location of that corporation or organization are members of the corporation or organization, 2) consumers are inconvenienced in purchasing liquor, because there is no general liquor retail sales location nearby, and granting a license is deemed necessary from the perspective of liquor supply and demand, and 3) there is no concern that the proper transaction of liquor will be undermined even if the corporation or organization engage in the liquor retail business.

b) Hospitality business owners who handle alcohol, etc., such as bars, hotels, and restaurants (including unions, etc., of hospitality business owners). However, a license may be granted,
if the chief of the regional taxation bureau deems that the granting of the license will not create problems.

iv. Mail-Order Retail License

With respect to the mail-order retail license, *There is no problem regarding the adjustment of supply and demand* specifically means the following.

a) Domestic liquor is produced and sold by producers whose annual taxable shipping volume by liquor category in the accounting year prior to the accounting year in which the catalog, etc. have been issued, is less than 3,000kl.

b) There are no restrictions for imported liquor.

*Notes 1:* Catalog, etc.* means advertisement by leaflet, magazines, newspaper, or the Internet, in addition to so-called catalogs.

*Notes 2:* An *accounting year* is the period from April to the following March.

*Notes 3:* When there is no taxable shipping volume in the previous accounting year, the forecasted production volume for the accounting year in which the catalog, etc., have been issued, will be used.

*Notes 4:* To show that liquor planned for retail sale is applicable for sale by mail-order, a certificate issued by the liquor producer (certificate that proves the liquor is applicable for mail-order sales) must be attached to the application form.

(Reference) Categories of liquor (Liquor Tax Law Article 3)

Sake, sake compounds, continuous distillation-type shochu spirit, single distillation-type shochu spirit, mirin, beer, wine, sweet wine, whiskey, brandy, raw material alcohol, other brewed beverages, spirits, liqueurs, powdered liquor, miscellaneous liquor.

(4) Other Notifications, etc.

The validity of a liquor production license or liquor sales business license is extended to people (a legal corporation or individual person) and places. Therefore, when there is a change in management, or there are plans to relocate a production plant or a sales location, prior notice must be given, and a new license obtained.

Prompt notice must also be made when there is any change in items that have been registered, such as the address of the license holder, after receiving notification of the license.

Procedures that must be taken in the event of a change in an item on the license notification are shown in the following chart.

<table>
<thead>
<tr>
<th>Contents</th>
<th>Application, etc.</th>
<th>Time limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in address or location</td>
<td>Declaration of Changes</td>
<td>Immediately</td>
</tr>
<tr>
<td>Inheritance</td>
<td>Liquor sales business inheritance declaration</td>
<td>Without delay</td>
</tr>
<tr>
<td>Organizational restructuring, such as incorporation movement (*Note 1), consolidation, division, split of a legal corporation, business succession/transfer (*Note 2)</td>
<td>Application for a Liquor Sales Business License, Application for Cancellation of a Liquor Sales Business License</td>
<td>In advance</td>
</tr>
<tr>
<td>Change of the name of a legal corporation</td>
<td>Declaration of Changes</td>
<td>Immediately</td>
</tr>
<tr>
<td>Change of legal corporation organization (*Note 3)</td>
<td>Declaration of Changes</td>
<td>Immediately</td>
</tr>
<tr>
<td>Change of the representative of a legal corporation</td>
<td>Declaration of Changes</td>
<td>Immediately</td>
</tr>
<tr>
<td>Change in sales location</td>
<td>Application for permit to change liquor sales location</td>
<td>In advance</td>
</tr>
<tr>
<td>Change of the town name of a sales location</td>
<td>Declaration of Changes</td>
<td>Immediately</td>
</tr>
<tr>
<td>Change of the name of a sales location</td>
<td>Declaration of Changes</td>
<td>Immediately</td>
</tr>
<tr>
<td>Discontinuation / reopening of a liquor sales business</td>
<td>Declaration of discontinuation / reopening of a liquor sales business</td>
<td>Without delay</td>
</tr>
<tr>
<td>Discontinuation of a liquor sales business</td>
<td>Application for cancellation of a liquor sales business license</td>
<td></td>
</tr>
</tbody>
</table>

*Notes 1:* *Incorporation movement* means a personal business owner establishes a legal corporation (company limited, consolidated company, etc.), and the designated legal corporation takes over the business which was originally run as a personal business.

*Notes 2:* *Business succession* means the succession of a business to relatives within 3 degrees. *Business transfer* is not possible under a retail liquor license.

*Notes 3:* *Change of legal corporation organization* means to change from a public company to an equity company (partnership corporation, joint-stock company, and consolidated company), or to change from an equity company to a public company, including change from a special private company to a public company, and change in the type of equity company.
(5) Other Points for Consideration

1) Food import procedures
   A Notification of Food Import, etc. must be submitted to the quarantine station that governs the area where the relevant product will undergo clearance procedures. The quarantine station will screen the product, and issue a Certification of Notification of Food Import, etc. Clearance procedures require a payment of customs duty.

2) Product labeling based on the Liquor Business Union Law, Food Sanitation Law, and Measurement Law
   For the sale of alcohol, the following items must be displayed by law.
   [Items that should be displayed]
   - Type of liquor (label as wine or sweet wine, beer, whiskey, etc.)
   - Food additives (the names of the antioxidant, synthetic preservatives, etc. contained in the product)
   - Alcohol content
   - Amount contained (display in ml or l)
   - Distinction between carbonated and non-carbonated liquor, and class of applicable tax rate
   - Name and location of the import and sales business owner
   - Address of the receiver (the location to where the goods are transferred after receiving them from the bonded district or the location where they are transferred for repacking) (may be omitted if it is the same address as that of the import and sales business owner)
   - Label that prohibits underage drinking (clearly display a message such as "underage drinking is against the law," "wait until you are 20 to drink alcohol").

3) Fair Competition Codes based on the Act against Unjustifiable Premiums and Misleading Representations
   Fair Competition Codes apply to alcohol import and sales businesses, liquor retail businesses, imported whiskey, and imported beer.

4) Ingredient identification label based on the Containers and Packaging Recycling Law
   Proper labeling is required for packaging container materials.
3. Import and Sale of Cosmetics

To import and sell cosmetics, a cosmetics manufacturing and sales business license and a cosmetics manufacturing business license are required based on the Pharmaceutical Law. This section discusses the handling of cosmetics under the Pharmaceutical Law.

(1) Licenses Related to the Import and Sale of Cosmetics

When importing and selling cosmetics, first consider whether or not the relevant product falls under what are considered “cosmetics” in the Pharmaceutical Law. Then consider whether the conditions for an applicant to obtain a license can be satisfied.

1) Cosmetics as defined under the Pharmaceutical Law

Cosmetics as defined under the Pharmaceutical Law differ little from what is generally referred to as cosmetics.

The Pharmaceutical Law defines cosmetics from the following three conditions: purpose of use, method of use, and effect on the human body.

Products intended for a person to cleanse his body, improve appearance, increase glamour, or to preserve the health of skin or hair, products that use the application or spraying of oils on the body, or similar activities to preserve one’s health, or those that bring relief. However, medical and quasi-medical products are excluded.

*The intended effectiveness of the products must correspond with the range specified by the Pharmaceutical Law.

### General cosmetics and classification under the Pharmaceutical Law

<table>
<thead>
<tr>
<th>Type of Cosmetics</th>
<th>Classification in the Pharmaceutical Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skincare cosmetics</td>
<td></td>
</tr>
<tr>
<td>E.g.: Face wash, toner, beauty essences, milky lotions,</td>
<td></td>
</tr>
<tr>
<td>cream, sunscreen, etc.</td>
<td></td>
</tr>
<tr>
<td>Makeup cosmetics</td>
<td></td>
</tr>
<tr>
<td>E.g.: Foundation, lipstick, blush, eye makeup, nail</td>
<td>Cosmetics (medicated cosmetics are considered quasi-medical products*)</td>
</tr>
<tr>
<td>polish, etc.</td>
<td></td>
</tr>
<tr>
<td>Fragrance cosmetics</td>
<td></td>
</tr>
<tr>
<td>E.g.: Perfume, eau de toilette, cologne</td>
<td></td>
</tr>
<tr>
<td>Bodycare cosmetics</td>
<td></td>
</tr>
<tr>
<td>Bath soap, body shampoo, etc.</td>
<td>Cosmetics</td>
</tr>
<tr>
<td>Medicinal soap, antiperspirants/deodorants, bath</td>
<td>Quasi-medical products</td>
</tr>
<tr>
<td>agents, etc.</td>
<td></td>
</tr>
<tr>
<td>Haircare cosmetics</td>
<td></td>
</tr>
<tr>
<td>Shampoo, conditioner, hair styling agents,</td>
<td>Cosmetics</td>
</tr>
<tr>
<td>hair manicure (semi permanent hair dyes), etc.</td>
<td></td>
</tr>
<tr>
<td>Permanent wave agents, hair color (permanent hair</td>
<td>Quasi-medical products</td>
</tr>
<tr>
<td>dyes), decoloring agents, hair restoration tonics,</td>
<td></td>
</tr>
<tr>
<td>etc.</td>
<td></td>
</tr>
<tr>
<td>Toothpaste</td>
<td>Cosmetics (medicated cosmetics, are considered quasi-medical products*)</td>
</tr>
</tbody>
</table>

*Quasi-medical products must obtain approval according to category, as well as a business license for manufacturing and selling quasi-medical products or a manufacturing business license. The requirements that must be satisfied are more stringent than those required for cosmetics.

2) Cosmetics manufacturing and sales business, and manufacturing business

To import cosmetics as defined under the Pharmaceutical Law and to ship them within the country (sale, lease, or grant to wholesale dealers and consumers), a cosmetics manufacturing and sales business license must be obtained under the said law, and each manufacturing plant must acquire a cosmetic manufacturing license (package/display/storage classification) to package the items, display legal information, and to store them.

To obtain the license, a personnel or material requirement may be requested, to assure final responsibility to the domestic market.
(2) Brief Flow of Procedures

Application and consultation regarding licenses are carried out by the Department of Pharmaceutical Affairs in the relevant prefecture in which the company headquarters (or manufacturing factory, in the case of a manufacturing license) is located. *Depending on the prefecture, some cases are handled by the Health Department.

First, check the actual product and its ingredient chart, etc. to see whether or not the product conforms to relevant standards, or have a test agency conduct an examination of the product in relation to relevant standards.

Confirm whether or not the product falls under the cosmetics category in the Pharmaceutical Law

Prepare and submit an application

Registration of the company code
The company code registration sheet is submitted to the Ministry of Health, Labor and Welfare, Bureau of Medicine and Food, via the Department of Pharmaceutical Affairs of the relevant prefecture.

Submission of license application

<table>
<thead>
<tr>
<th>Application documents required</th>
<th>(For a manufacturing and sales business license)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification of registration</td>
<td>(In the case of a corporation. Specify the business purpose as the manufacturing and sales of cosmetics.)</td>
</tr>
<tr>
<td>Article of incorporation, organizational regulations, or an operations duty chart (for corporations)</td>
<td></td>
</tr>
<tr>
<td>Health certificate issued by the doctor of the applicant or board member in charge of operations</td>
<td></td>
</tr>
<tr>
<td>A copy of the general manufacture and sales manager’s employment contract, or documentary proof of the employment relationship</td>
<td></td>
</tr>
<tr>
<td>Proof of the qualifications of the general manufacture and sales manager</td>
<td></td>
</tr>
<tr>
<td>Documentation on frameworks related to quality control and post-manufacture and sales management system</td>
<td></td>
</tr>
</tbody>
</table>
Main Requirements for Obtaining a License

[Cosmetics manufacturing and sales business license]

In addition to personnel requirements, the establishment of a system for maintaining GQP and GVP is required to obtain a cosmetics manufacturing and sales business license.

1) Personnel requirements

   i. No cause of disqualification should apply to the applicant (or a board member who carries out operations, in the case of a corporation).
   
   Principal disqualification causes are shown below.
   
   a) A license has been revoked in accordance with regulations of the Pharmaceutical Law, and three years has not yet passed since the revocation.
   
   b) Persons who have received a sentence heavier than imprisonment, and for whom three years have not passed from the date of completion or invalidation of the sentence
   
   c) Persons who have violated the Pharmaceutical Law, the Narcotic Drug and Psychotropic Substances Control Law, the Poisonous and Deleterious Substance Control Law, or Directives related to pharmaceutical affairs, and for whom two years have not passed from the date of the violation.
   
   d) Adult wards of the state, drug, hashish, opium, or stimulant addicts, etc.

   ii. Assignment of a general manufacturing and sales manager, quality assurance manager, and safety management representative.
   
   The said personnel must be employed on a full-time basis.

   Note, however, that the general manufacturing and sales manager can double as the quality assurance manager or safety management representative.

   *The general manufacturing and sales manager can double as the supervising technician for manufacturing.

   Criteria of the general manufacturing and sales manager

   The general manager must satisfy one of the following criteria.

   a) Pharmacist

   b) A person who has completed a special course in pharmaceutical sciences or chemistry at a junior high school under the old education system, a high school, or school of equal level or higher.

   c) A person who has completed subjects relating to pharmaceutical sciences or chemistry at a junior high school under the old education system, a high school, or school of equal level or higher, and has three years or more experience in the quality management or post-manufacturing and sales safety control of pharmaceutical products, quasi-medical products, or cosmetics.
d) A person who has been recognized as having knowledge and experience of equal or higher level than listed above, by Minister of Health, Labour and Welfare.

Quality assurance manager and safety management representative

There are no criteria regarding academic background. However, the person must be able to conduct business activities properly and smoothly, and must not belong to the sales department.

2) GQP, GVP

A quality assurance system and safety control system must be established based on the GQP Ordinance and GVP Ordinance.

i. GQP (Good Quality Practice): Quality control standards

The manufacturing and sales business owner must employ a system for controlling the quality of products, from their manufacture to their sales. To ensure proper quality, the following items are required under the GQP Ordinance.


a) Employ a sufficient number of personnel who are capable of implementing quality management operations properly and smoothly.

b) Assign a general manufacturing and sales manager to carry out designated operations.

c) Install a quality assurance manager to carry out designated operations, including controlling quality management operations.

d) Prepare a quality management operations manual that prescribes the following procedures.

Preparation of a record of shipments to the market, to ensure proper manufacturing management and quality management.

Management of documents and records containing information on quality, as well as information on handling and recalling of defective products.

Other necessary quality management operations (required items such as coordination with other departments, self-examination, and educational training).

e) Implementation of quality management operations

Preparation of a record of each item, contact information of the safety management representative, etc.

f) Management of documents and records: 5 years from the date they have been created.

ii. GVP (Good Vigilance Practice): Post-manufacture and sale safety standards

The manufacturing and sales business owner must ensure the safety of the cosmetics he manufactures and sells. The following items are required under the GVP ordinance.

Chapter 4 in the “Ordinance regarding standards for post-manufacture and sales quality management of pharmaceutical products, quasi-medical products, cosmetics and medical equipment” (September 22, 2004, Ordinance of the Ministry of Health, Labour and Welfare, No. 135)

a) Employ a sufficient number of personnel who are capable of implementing quality management operations properly and smoothly.

b) Assign a general manufacturing and sales manager to carry out designated operations.

c) Install a safety management representative to carry out designated operations, including supervising operations to ensure safety.

d) Implement safety management operations.

e) Perform the following operations and keep relevant to ensure the safety of products.

Collection/analysis and recording of safety management information, planning, implementation and recording of safety measures.

f) Management of documents and records... for 5 years from the date they have been prepared.

Manufacturing business license (package, display, and storage classification)]

In addition to personnel requirements, a manufacturing plant must meet building and facility
standards, to obtain a cosmetics manufacturing business license.

1) Personnel requirements

i. No cause of disqualification should apply to the applicant (including board members who carries out operations).
   The causes for disqualification are the same as those for the general manufacture and sales manager.

ii. Assignment of a supervising technician
   A supervising technician must be employed on a full-time basis. Depending on the case, this person may double as the general.

Assignment of a supervising technician
   The supervising technician must satisfy one of the following criteria.
   a) Pharmacist
   b) A person who has completed a special course in pharmaceutical sciences or chemistry at a junior high school under the old education system, a high school, or school of equal level or higher
   c) A person who has completed a subject related to pharmaceutical sciences or chemistry at a junior high school under the old education system, a high school, or school of equal level or higher, and has three or more years of experience in operations related to manufacturing pharmaceutical products or cosmetics.
   d) A person who has been recognized as having knowledge and experience of equal level or higher than listed above, by the Minister of Health, Labour and Welfare.

2) Building and facility standards

The manufacturing business must establish a manufacturing factory, place for inventory, and examination and testing facilities that conform to the building and facility standards prescribed in Article 13-2 in the Regulations for Building and Facilities for Pharmacies. (Ordinance of the Ministry of Health, Labour and Welfare, No. 2).

Building and facility standard (package, display, storage classification)
   a) Buildings and facilities to store products, and materials, etc., safely, in sanitary conditions.
   b) Floor area appropriate to the necessary operations.
   c) Installation of equipment and devices needed for examining and testing products and materials.

This does not apply in cases where the prescribed testing and checking is carried out using the testing and checking equipment of another company or by an agency designated by the manufacturing business owner, under his responsibility, and no problems are foreseen.

   http://www.fukushihoken.metro.tokyo.jp/kenkou/iyaku/sonota/cosmetics/
What is Good Quality Product / Good Vigilance Practice “GQP/GVP”? (website of the Tokyo Metropolitan Institute of Public Health)
   http://www.tokyo-eiken.go.jp/pharma/hinshitu/gqp_kiso.html
Cosmetics manufacturing and sales businesses and manufacturing businesses (website of the Osaka Health and Welfare Department, Pharmaceutical Administration)

(4) Other Notifications, etc.

1) After obtaining a license, and before starting manufacturing and sales

i. Notifications required prior to beginning import activities.
   The following notifications must be submitted.
   – Notification of foreign manufacturing and sales business owner of cosmetics (3 copies)
     Send to the Pharmaceuticals and Medical Devices Agency via mail.
   – Notification of cosmetics manufacturing and sales (2 copies)
     Submit to the prefecture of the location described on the manufacturing and sales license.
Notification of import of cosmetics for manufacturing and sales (2 copies)
Submit to the Kanto-Shin’etsu Regional Bureau of Health and Welfare or the Kinki Regional Bureau of Health and Welfare.

i. Confirmation of each product
   - Confirmation of purpose and effect
     Confirm whether the product falls under the designation of cosmetics, and whether or not it deviates from the efficacy and effect of cosmetics.
   - Confirmation of ingredients
     Confirm whether all the ingredients are properly displayed (for imported products, the Japanese description must match the foreign language description).
     Confirmation of the raw materials (whether the product contains substances that may be harmful to health)
     Confirm whether or not the product contains a pharmaceutical component, nonconforming biological material, a Category I or II specified chemical substance, or a prohibited component (Cosmetics Standard Appendix Chart No.1).
     Confirm whether the product contains no more than the allowable content and amount of restricted ingredients, preservatives, ultraviolet absorbers, and synthetic colors.
     Make sure the product contains no contagious substances.

Reference) Notification relating to the cosmetics standard and safety countermeasures (website of the Bureau of Social Welfare and Public Health, Tokyo)

iii. Preparation of a quality standard document
In order to provide a clear and specific description of the cosmetics to be manufactured and sold, a quality standard document for each product describing the regulated items is required.

*Cosmetic products of the same series may be included in the same quality standard document, but they must be organized according to color or fragrance.

Main description items
Name of the product; the date on which the Import Notification of Manufacture and Sales has been submitted; effects and effectiveness; dosage, administration, and usage; name of material, specifications, amount of blending quantity, etc.; name of the commissioned manufacturing factory; manufacturing method; name and location of the examination and testing agency; product specifications and inspection method; container/package composition and display description; storage conditions and handling instructions; description of the agreement with the manufacturing company; shipping criteria; and other necessary items.

2) After commencing manufacturing and sales
After obtaining a cosmetics manufacturing and sales business license, the following items must be considered, in addition to taking measures to ensure quality and safety.

i. Displaying the license.
ii. Maintenance of a system that provides accurate information in response to inquiries by consumers.
   - Providing the contact source
   - Establishment of an inquiry desk
   - Management of information regarding the product
iii. Recall report
    When voluntarily recalling a product, promptly notify the prefecture governor.
iv. Report of side effects, etc.
    If a study report demonstrates a possible hazardous effect of the cosmetics which are being manufactured and sold, a report must be filed with the Minister of Health, Labour and Welfare within 30 days of receiving the report.
v. Applications after obtaining a license
- Application for renewal: A license renewal application must be submitted 2-3 months before the expiration date of the license
  * Licenses are valid for 5 years.
- Notification of changes: When a change occurs in the following items, a notification must be made within 30 days of the change
  Name and/or address of the manufacturing and sales business owner
  Name and/or location of the main office
  Name of the board member carrying out operations
  Name and/or address of the general manufacturing and sales manager, etc.
- Notification of discontinuation, reopening, and demolition: Notification must be made within 30 days.

(5) Other Points for Consideration

1) Display and advertisement of cosmetics
   - i. Display based on the Pharmaceutical Law
      Items regulated in Pharmaceutical Law are to be displayed on the cosmetic product in a way that consumers can easily understand. In principle, the names of all ingredients must be displayed.

<table>
<thead>
<tr>
<th>Location of display</th>
<th>Directly on the container or wrapping of the product (directly affix the display to the bottle or box)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic display items</td>
<td>Name/title and address of the manufacturing and sales business owner, name of the product described in the manufacture and sales notification, manufacture number or code, name of the ingredients (in principle, all ingredients must be displayed), use-by-date (only for products designated by the Minister of Health, Labour and Welfare), etc.</td>
</tr>
<tr>
<td>Others</td>
<td>Descriptions must be in clear Japanese. False or misleading descriptions, and instructions concerning usage, dosage, use period, etc., which may pose a health risk, are prohibited.</td>
</tr>
</tbody>
</table>

* In addition to the above, some items are required to be displayed according to the Containers and Packaging Recycling Law, High Pressure Gas Safety Law (for aerosol products).

http://www.fukushihoken.metro.tokyo.jp/kenkou/iyaku/sonota/license/g_katahe/cosme/c_label/

ii. Industry self-imposed display
   - "Fair Competition Codes regarding Display of Cosmetics," "Fair Competition Codes regarding Display of Cosmetic Soap," and "Fair Competition Codes regarding Display of Toothpaste, etc."
   - Display items are regulated for cosmetics, cosmetic soaps, toothpaste, etc.
   - Display based on the self-standard of the Aerosol Industry Association of Japan
     A self-imposed standard was established for aerosol products. It provides for the displaying of cautionary information on products.

iii. Expression of the effect and effectiveness of cosmetics in advertisements
   - The effect and effectiveness of cosmetics can only be advertised within the range of efficacy of cosmetics that is specified in the notification*. For example, the phrase, "reduces the development of age spots, and prevents stains and freckles caused by sun exposure," is allowed for quasi-medical products, but not for cosmetic products.
   - Displaying and advertising makeup effects such as "prevents makeup deterioration" and "hides wrinkles," and sense of use such as "provides a sensation of coolness" and "makes you feel refreshed," are allowed, as long as they are not contrary to the facts.

*Refer to the notification sent by the chief of the Pharmaceutical and Medical Safety Bureau, Health and Welfare Ministry, from Medical Issue Article 1339, December 28, 2000.

http://www.fukushihoken.metro.tokyo.jp/kenkou/iyaku/sonota/koukoku/
4. Accommodations such as Hotels and Japanese Inns

To operate a business that charges an accommodation fee and provides accommodations, a license from the prefecture governor is required.

(1) Licenses Related to Accommodation Businesses

The Hotel Business Law classifies accommodation businesses into the following four categories: hotel businesses, Japanese inn businesses, low-cost lodging businesses and boarding house businesses.

Although their category names may be slightly difficult to understand, the different types of businesses and accommodations are defined under the law, as follows.

1) Hotel businesses
Businesses that mainly establish a Western-style building or facility, and provide accommodations for a fee, excluding low-cost lodging businesses and boarding house businesses.

2) Japanese inn businesses
Businesses that mainly establish a Japanese-style building or facility, and provide accommodations for a fee, excluding low-cost lodging businesses and boarding house businesses.

3) Low-cost lodging businesses
Businesses that mainly establish a building or facility shared by several people, and provide accommodations for a fee, excluding boarding house businesses.

4) Boarding house businesses
Businesses that establish a facility, and provide accommodations for a fee in time units of more than a month.

5) "Accommodations"
"Accommodations" means the use of designated facilities that use bed linens.

(2) Brief Flow of Procedures

Prior consultation
To start a lodging business, it is necessary to comply with the Hotel Business Law. There are, however, other laws and regulations that must be observed, including the Building Standard Law and Fire Defense Law. First, the relevant public health department that has jurisdiction over the desired location of the business must be consulted, to determine whether or not the building and facility standards and desired location to establish the facility are appropriate.

Building inspection, etc. (presentation of construction plans)
In addition to the public health department, the construction department at the municipal or prefectural office, and the relevant fire department must also be consulted. When constructing a new facility, the construction department at the municipal or prefectural office should be consulted, in regard to the construction of such facility and whether or not the planned location is appropriate for a lodging business. In the case of new construction, the building plan must be displayed at the construction site (for 3 weeks). When expanding or renovating an existing building, it is important to confirm whether the application category of the building needs to be changed.
Main Requirements for Obtaining a License

To obtain a license for a lodging business, the following four standards apply. Particular care must be given to 1) building and facility standard and 3) limitations in the location of the facility, since making changes would be difficult once business preparations are begun.

The following are standards in the case of Tokyo.

1) Building and Facility Standard
   i. Number of guest rooms
      [Hotel businesses]
      There are more than 10 guest rooms.
      Over half of all guest rooms are Western style.
      (Note) Western-style guest room refers to guest rooms that have Western-style fixtures and lodging facilities, and adopt a Western lodging style.
      [Japanese inns]
      There are more than 5 guest rooms.
      [Low-cost lodging houses] and [Boarding houses]
      There are no regulations regarding the number of guest rooms.
   ii. Guest room dimensions
      Common to [Hotel businesses] and [Japanese inn businesses]
      The total floor space for one Western-style room should be more than 9m².
      The total floor space of one Japanese-style room should be more than 7m².
      [Low-cost lodging businesses]
      The total floor space of all guest rooms should be more than 33m².
      The total floor space of one room should be more than 3m².
      When creating a guest room that is not shared by many people, the total floor space of the room...
should be less than half the total floor space of all guest rooms.

[Boarding house businesses]
The total floor space of one room should be more than 4.9m².
(Note) The total floor space of a room is the sum of the floor spaces of the bedroom, bathroom, toilet, washroom, and other areas used by the guest.

iii. Building and facilities for Western-style guest rooms [Common to all businesses]
The entrance/exit and windows must be able to be locked.
A wall should divide guest rooms from each other and the hallway, excluding entrance/exit and windows.

iv. Division of guest rooms

[japanese inn businesses] [Low-cost lodging businesses] and [Boarding house businesses]
Each guest room should be compartmentalized, using a wall, screen, door, or similar structure to divide one guest room from another and from the hallway.

v. Lighting / illumination in guest rooms [Common to all businesses]
Rooms used for sleeping and resting should be constructed so that they receive sufficient lighting from the window.
Dimensions of the lighting window are recommended to be one tenth of the effective dimensions.
The lighting and illumination in various facilities should provide the following illumination intensity.
– Guest rooms, lounges, dining room: more than 40 lux
– Cooking area and butler’s pantry: more than 50 lux
– Halls and stairways: more than 20 lux at all times (more than 10 lux during late-night hours (between 11pm and 6am))
– Bathroom, dressing room, washroom, toilet, etc.: more than 20 lux

vi. Guest room capacities

[Hotel businesses] and [Japanese inn businesses]
An effective floor space of 3m² shall be for one person.

[Low-cost lodging businesses]
An effective floor space of 1.5m² shall be for one person.

[Boarding house businesses]
An effective floor space of 3m² shall be for one person.
(Note) The effective dimension of a room is the sum of the floor spaces of the bedroom and other areas used by the guest for sleeping and resting. However, the bathroom, toilet, closet, and small alcoves attached to the guest room are not included.

vii. Beddings

[Hotel businesses] [Japanese inn businesses] [Low-cost lodging businesses]
Western-style accommodations should have Western-style beddings.
A sufficient number of beddings should be prepared for guest accommodations.
The storage facility for the beddings should be sufficiently large enough to fit all beddings.
[Boarding house businesses]
There are no regulations.

viii. Reception desk (Front desk)

[Hotel businesses] [Japanese inn businesses] [Low-cost lodging businesses]
An entrance reception desk should be established for interactions with accommodation guests, as well as other desks or counters as prescribed by relevant ordinances.
[Boarding house businesses]
There are no regulations.

ix. Bathrooms

[Hotel businesses]
There should be a sufficient number of Western-style bathrooms or shower rooms to meet the demands of the guests. The bathing facilities must satisfy the regulations prescribed in the ordinance.

[japanese inn businesses] [Low-cost lodging businesses] [Boarding house businesses]
There should be a sufficiently large bathing facility to meet the demands of the guests, except in
cases where a public bath house is adjacent to the facility.

The bathing facility should satisfy the regulations prescribed in the ordinance.

x. Heating facilities

[Hotel businesses]

There should be a heating facility of an appropriate scale.

[Japanese inn businesses] [Low-cost lodging businesses] [Boarding house businesses]

There are no regulations.

xi. Building standards regulated by other ordinances [Common to all businesses]

a) There should be an appropriate ventilation facility.

b) There should be appropriate damp-proof and water discharging facilities.

c) In cases where gas facilities are installed in guest rooms, the standards regulated by prefecture ordinance should be satisfied.

d) In cases where bathtub water is circulated using filtering equipment, etc., building and facility standards regulated by prefecture ordinance should be satisfied.

e) There should be washing facilities that can meet the demands of the guests.

f) There should be an appropriate number of toilets.

g) In cases where guest rooms do not have an attached toilet, common toilets for men and for women should be installed, and there should be a sufficiently number of lavatories appropriate to the accommodation capacity as regulated by prefecture ordinance.

h) In cases where a kitchen is installed for providing meals, etc., to guests, building and facility standards regulated by prefecture ordinance should be satisfied.

2) Sanitation Management Standards

The main sanitation management standards (including guidance items) are as follows. Some are standards regarding licenses, and others standards regulating daily management operations. In order to obtain a license, these standards must be satisfied, or measures to satisfy them are underway.

i. Cases were accommodation may be refused

a) Persons who are clearly recognized as suffering from a communicable disease.

b) Persons who may gamble and promote deviant or immoral behavior. Persons who are intoxicated, etc., or greatly disturb other guests. Persons who verbally or physically disturb the peace.

c) When no accommodation is available.

ii. Cleaning

Guest rooms should always be clean

iii. Handling beddings

a) Sheets, blanket collars, pillow cases, and nightwear should be washed for each guest, and replaced with clean ones.

b) Blankets and pillows should be aired out to remove moisture, such as by exposing them to the sun.

iv. Handling gas valves

The safety of guests in guest rooms should be confirmed prior to opening the main gas valve.

v. Hot water supply in the bathroom and washroom

Water in the public bath should always be full, and there should be clean hot water for use outside the bathtub. Hot water from the previous day cannot be used for the public bath. There should be a sufficient supply of hot water for the washroom.

vi. Prohibiting shared hand towels

Hand towels, etc., for the toilet should be clean, and changed for each customer.

vii. Displaying of room number, rates, etc

The room number (room name) and capacity should be displayed in the entrance of the guest room, and the accommodation rate should be displayed in plain view at the front desk, as well as in the guest room.
viii. Maintaining morals
   Literature, books, and other material which may undermine public morals should not be displayed or installed in a business facility.

ix. Safekeeping of documentation
   The lists of guests and business employees should be kept at the front desk.

x. Ventilation
   An opening for ventilation should be installed. CO₂ levels in guest rooms should be less than 0.15%.

xi. Illumination intensity
   - Guest rooms, lounges, dining rooms should be more than 40 lux.
   - The cooking area and butler's pantry should be more than 50 lux.
   - The bathroom, washroom, toilet, and hallway should be more than 20 lux.

3) Limitations on the location of the facility
   Under the Hotel Business Law, a license may not be granted for applications of locations that are within 100m of facilities such as schools, preschools, kindergartens, children’s playground, library, and a children’s center, when such establishment may significantly disrupt the environment of the current facilities. The decision as to whether or not to grant the license may take a considerable amount of time.

   Note that in exclusive residential districts and educational districts, constructing buildings for a lodging business, changing the use of a building for the lodging business, and expanding and reconstructing a building is prohibited.

4) The applicant should not fall under any of the following disqualification causes.
   In the event that any of the following apply to the applicant, a license may not be granted.
   i. Persons who have received a sentence for violating or failing to comply with the Hotel Business Law, and for whom three years have not passed since the date of completion or invalidation of the sentence.
   ii. Persons whose license granted under the Hotel Business Law has been revoked, and three years have not passed since the date of revocation.
   iii. In the case of a corporation, i or ii described above apply to a board member who is conducts business operations.

(4) Other Notifications, etc.
   1) License application
      i. Change of ownership
         Requires presentation of the building plans, and an application for a regular license that excludes investigation by the construction department.
      ii. Application for large scale changes
         The same procedures as a regular license is required for 50% or more changes or reduction of a building, or 100% or more reconstruction or rebuilding.
      iii. Corporation merger
         An application for the succession of a lodging business is required.
      iv. Inheritance
         If the business owner holding the license for a private business passes away, and the inheritor wishes to continue the business, an application must be made within 60 days of the owner’s death.

   2) Notifications
      A notification must be submitted when for a change of Trade name, change of representation of a legal corporation, change of name of the legal corporation, change of less than 50% of a building and facility, demolition or discontinuation of the business.
3) Business license for an eating and drinking establishment

In cases where an employee at a lodging cooks, etc., to provide food and drink to guests, a business license for an eating and drinking establishment must also be obtained.

However, a business license for an eating and drinking establishment is not required if only a delivery service from a company outside the lodging is to be used.

(5) Other Points for Consideration

1) List of guests

The owner of a lodging business should prepare a list of guests, which includes the following information, and this list should be made available to employees of the public health department, etc. upon request.

[Items included in the list of guests]

i Name, ii Address, iii Occupation, iv Gender, v Age, vi Previous place of lodging, vii Destination, viii Arrival date and time, ix Departure date and time, x Name (number) of room, xi Nationality (in the case of foreigners)

2) List of employees

The list of business employees describing the following items should be prepared by the business facility.

[List of items included in the list of business employees]

i Name, ii Date of birth, iii Address, iv Occupation category, v Year/month/date of employment
1. Correspondence Sales and Internet Sales

No particular authorization is required for business owners to conduct correspondence sales and Internet sales. However, selling "designated products"/designated services, etc. to the general public by these selling methods falls under the law regarding specific business dealings (Specific Business Transaction Law). Note, however, that the Specific Business Transaction Law does not apply to contracts and other transactions between businesses or with persons overseas.

*Designated products are "goods for use in the daily life of a citizen and are regulated by government ordinance." Most goods used or consumed in daily life are designated products. The system of "designated products/services" is planned to be terminated in the Revised Specific Business Transaction Law that is now being considered. The revised law will, in principle, apply to all products and services.

What is correspondence sales?
Correspondence sales is a transaction method where a consumer sees an advertisement, direct mail, flyer in a newspaper, magazine, TV, or website on the internet, and makes a purchase via mail, telephone, fax, or the Internet.

Whom does "business owner" refer to?
A business owner is the person who repeats and continues transactions with the intent of profit. Even individuals, if they satisfy certain requirements, may be business owners under the Specific Business Transaction Law. In Internet auction transactions, individuals and companies alike are considered business owners, if they "have offered more than 200 products in the past month, or offer 100 new products at one time."

Reference)
Formulation of guidelines concerning "sales businesses" in Internet auctions (website of the Ministry of Economy, Trade and Industry)

(1) Advertising Display
1) Required display items
In correspondence sales, advertisements are the only source of information available to consumers. Therefore, advertisements must display the following items, to prevent the occurrence of problems from inadequate and unclear descriptions.

2) Prohibition of excessive advertisement
Regarding the items described in section 1) above, including the required display items, product performance/quality/benefits, details of service/rights, origin of the product, place of production, and manufacturer, strict restrictions are placed on "displays that are significantly different from the truth" and "displays that give consumers the wrong impression that a product is significantly better or advantageous than it really is." They are prohibited as false or excessive advertisement.

When there is a need to judge whether or not an advertisement is an excessive advertisement, materials that show reasonable evidence to support the advertisement claims must be submitted. If such materials are not, or cannot, be produced, the advertisement will be considered an excessive advertisement. The judgment is individually made for each product.

Reference) Second Class Operation Legal Guidelines in Article 6 of the Specific Business Transaction Law: Guidelines regarding the regulation of dishonest solicitation, excessive advertisement, etc. (website of the Ministry of Economy, Trade and Industry)
<table>
<thead>
<tr>
<th>Display items *Note 1</th>
<th>Description, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales price</td>
<td>Shipping charge and other charges to be borne by the consumer (construction cost, assembly cost, installation cost, packaging fee, and cash on delivery commission, etc.) must also be displayed.</td>
</tr>
<tr>
<td>Period and method of payment</td>
<td>All methods of payment must be displayed.</td>
</tr>
<tr>
<td>Period of product delivery</td>
<td>The time period or time limit must be clearly displayed.</td>
</tr>
<tr>
<td>Matters regarding the returning of goods</td>
<td>When there is no special arrangement for returning goods (an arrangement for allowing the return of goods when there are no defects to the goods and no violation on the part of the business owner), that fact must be displayed. * Note 2</td>
</tr>
<tr>
<td>Title, address, phone number of the business owner</td>
<td>For personal businesses, the name (registered business name), address, and phone number of the business owner must be displayed.</td>
</tr>
<tr>
<td>Name of the representative or person in charge of the corresponding sales operation</td>
<td>Must be displayed when a corporate business advertises products/services via website, computer online services, e-mail, and other Internet communication means</td>
</tr>
<tr>
<td>Application expiration date</td>
<td>Must be displayed if an expiration date has been set.</td>
</tr>
<tr>
<td>Regulations regarding guarantee against defects</td>
<td>Must be displayed when there are regulations that hold the business owner responsible for providing guarantee against defects. * Note 3</td>
</tr>
<tr>
<td>Software operating environment</td>
<td>In cases of transactions related to computer software, the necessary operating system, CPU, memory capacity, etc., for using the software, must be displayed.</td>
</tr>
<tr>
<td>Special sales conditions</td>
<td>Must be displayed, when special conditions, such as a limit in the quantity of sales products, exist.</td>
</tr>
<tr>
<td>Price to send documentation</td>
<td>Must be displayed when shipping a catalog or other documentation as requested by the consumer requires a fee</td>
</tr>
</tbody>
</table>

*Notes 1: In addition to the above, when sending advertisements by e-mail without the consent of the receiver, the term "未承諾広告 (unsolicited advertisement)" must appear in the subject field of the e-mail, and the e-mail address of the business owner must be clearly indicated. Note, however, that the revised Specific Business Transaction Law will prohibit the sending of advertisements by e-mail without the consent/request of the receiver.

*Notes 2: In regard to cases where there is no mention of a special arrangement for returning goods, and the consumer assumes that the product can be returned, a directive has been issued instructing sellers to respond appropriately to the consumer’s request to return the product.

*Notes 3: When there is no special stipulation regarding guarantee against defects, the general principles of the Civil Law should be followed.

(2) Prohibition of Activities that Mislead Consumers into Entering into a Contract against Their Intention (in sales via the Internet, etc.)

For sales where transactions can be made on the computer screen over the Internet, business owners must set up the transaction screen in a format that is easy to understand by consumers. The following items are prohibited.

1) Failure to display the fact that a charge will be incurred for the transaction, on the transaction screen
2) Failure to provide a confirmation screen that allows consumers to confirm the details of a transaction, prior to sending a transaction form
3) Not allowing consumers to make changes to a transaction after viewing the confirmation screen

Reference) Guidelines relating to "activities that mislead consumers into entering into a contract against their intention" in sales over the Internet (Ministry of Economy, Trade and Industry website) http://www.meti.go.jp/policy/consumer/tokushoho/guideline/guideline.htm

Furthermore, for correspondence sales, regulations are also established concerning "notification of consent for prepaid type correspondence sales."
2. Businesses Related to Foreign Language Schools, Esthetic Salons, etc.

No specific authorization is required when starting operations for the following six types of services, including foreign language schools and esthetic salons. However, businesses that provide services over a period and at charges exceeding a certain limit are subject to regulations regarding cooling-off and cancellation before maturity, etc., as “Specific Continuous Services” under the Specific Business Transaction Law.

<table>
<thead>
<tr>
<th>Specific Continuous Services</th>
<th>Service Provision Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esthetic salons</td>
<td>Services exceeding one month</td>
<td>Services exceeding 50,000 yen</td>
</tr>
<tr>
<td>Language learning classes, tutoring, private preparatory schools, computer schools, matchmaking services</td>
<td>Services exceeding two months</td>
<td>Note) When the total contract deposit exceeds 50,000 yen,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>such as admission charge, lesson fees, educational material costs, selling related products*, etc</td>
</tr>
</tbody>
</table>

*Related products of each service are designated by government directives.

(1) Administrative Regulations

If a violation occurs, the violating business will be subject to punitive action, in addition to administrative penalties, such as an order for business improvement or suspension of business operations.

1) Provision of relevant documentation

Relevant documentation must be provided before or after a contract has been concluded.

2) Prohibition of excessive advertisement

3) Prohibition of “false representation,” “intentional nondisclosure of important matters,” and “intimidation” behavior

(2) Civil Rules

If a violation occurs, the violating business will be subject to punitive action, in addition to administrative penalties, such as an order for business improvement or suspension of business operations.

1) Cooling-off

Consumers are allowed to cancel a contract without penalty, within 8 days of receiving the contract.

2) Cancellation before maturity

Cancellation before maturity is allowed even after the cooling-off period has passed. In this case, there is an upper limit to legal damages that the business owner can claim against the consumer.

3) Cancellation of contract or declaration of intent

If, during the solicitation of a contract, certain activities of the business owner intentionally misleads the consumer to enter into, or declare an intention to enter into, a contract, the business owner must, when requested by the consumer to cancel the contract or the declaration of intent, comply with the consumer’s wish.

Reference) Contact: Ministry of Economy, Trade and Industry, Commerce and Information Policy Bureau, Consumer Affairs Policy Division TEL: 03-3501-1228 (Direct line)
Each Regional Bureau of Business and Industry
Specific continuous service provision (website of Ministry of Economy, Trade and Industry)
3. Intellectual Property

(1) Protecting One's Own Intellectual Property

1) Product name and service name can be protected by trademark rights, the visual design of products can be protected by copyright rights, and technical ideas can be protected by patent rights or model utility rights, but only after the necessary procedures have been completed with the Patent Office.

To prevent third parties from copying an original intellectual property, consider applying for a patent at the Patent Office.

2) Copyrights apply to all relevant original work at the time it is created, without taking any special action. However, depending on the work, it is sometimes a good idea to register the copyright with the Agency for Cultural Affairs or other relevant office, to clarify the right.

(2) Avoiding Violations of the Intellectual Properties Rights of Others

1) When purchasing products, particularly brand name products, from overseas, it is important to determine whether the products are produced or sold by the true rights holder.

If products that violate intellectual property rights are imported, they will be seized by customs.

2) It is also important to confirm the copyrights of photographs and music before using them on a website. When playing music at a hotel, an eating and drinking establishment, or a shop, the music is used for business purposes, so payment of royalties may be incurred, even if the CD has been personally purchased.


National Center for Industrial Property Information and Training: http://www.inpit.go.jp/consul/

Customs: http://www.customs.go.jp/mizugiwa/chiteki/

Agency for Cultural Affairs (copyright): http://www.bunka.go.jp/chosakuken/

Japanese Society for Rights of Authors, Composers and Publishers(JASRAC): http://www.jasrac.or.jp/info/
<table>
<thead>
<tr>
<th>Name of institution, organization, etc.</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. List of authorization</strong></td>
<td></td>
</tr>
<tr>
<td>Remarks: An example of a list of authorizations under prefecture jurisdiction.</td>
<td></td>
</tr>
<tr>
<td>Remarks: Many examples of businesses and related authorizations by business types.</td>
<td></td>
</tr>
<tr>
<td><strong>2. Information on Business Permits and Notification</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Food business</strong></td>
<td></td>
</tr>
<tr>
<td>Remarks: Guideline on business permits for eating and drinking establishments in Tokyo</td>
<td></td>
</tr>
<tr>
<td>Tokyo Food Hygiene Association</td>
<td><a href="http://www.toshoku.or.jp/frame01.html">http://www.toshoku.or.jp/frame01.html</a></td>
</tr>
<tr>
<td>Remarks: Information on training programs for food hygiene supervisors in the Tokyo district</td>
<td></td>
</tr>
<tr>
<td>Japan Food Hygiene Association</td>
<td><a href="http://www.n-shokuei.jp/jfha/sisho/">http://www.n-shokuei.jp/jfha/sisho/</a></td>
</tr>
<tr>
<td>Remarks: Information on the locations of food hygiene associations in Japan</td>
<td></td>
</tr>
<tr>
<td><strong>Import and sale of alcohol</strong></td>
<td></td>
</tr>
<tr>
<td>National Tax Administration Agency (general information on liquor)</td>
<td><a href="http://www.nta.go.jp/shiraberu/senmonjoho/sake/sake.htm">http://www.nta.go.jp/shiraberu/senmonjoho/sake/sake.htm</a></td>
</tr>
<tr>
<td>Remarks: Guideline on licenses for the sale of alcohol, including FAQ</td>
<td></td>
</tr>
<tr>
<td>National Tax Administration Agency (liquor tax)</td>
<td><a href="http://www.nta.go.jp/zeimokubetsu/sake.htm">http://www.nta.go.jp/zeimokubetsu/sake.htm</a></td>
</tr>
<tr>
<td>Remarks: Notices and relevant information on licenses for the sale of alcohol</td>
<td></td>
</tr>
<tr>
<td><strong>Import and sale of cosmetics</strong></td>
<td></td>
</tr>
<tr>
<td>Remarks: Information on the handling of manufacturing and sale, manufacturing, and import of cosmetics in Tokyo</td>
<td></td>
</tr>
<tr>
<td><strong>Management of accommodations</strong></td>
<td></td>
</tr>
<tr>
<td>Remarks: Example of a public health department website.</td>
<td></td>
</tr>
<tr>
<td><strong>3. Consultation /information on starting business</strong></td>
<td></td>
</tr>
<tr>
<td>Manufactured Imports and Investment Promotion Organization (MIPRO)</td>
<td><a href="http://www.mipro.or.jp/">http://www.mipro.or.jp/</a></td>
</tr>
<tr>
<td>Remarks: Provision of information and consultation services pertaining to investment and trade in Japan</td>
<td></td>
</tr>
<tr>
<td>Japan External Trade Organization (JETRO)</td>
<td><a href="http://www.jetro.go.jp/">http://www.jetro.go.jp/</a></td>
</tr>
<tr>
<td>Remarks: Promotes the establishment of businesses with foreign countries</td>
<td></td>
</tr>
<tr>
<td>Tokyo Business Entry Point</td>
<td><a href="http://www.tokyo-business.jp/">http://www.tokyo-business.jp/</a></td>
</tr>
<tr>
<td>Remarks: General service portal for foreign affiliated firms</td>
<td></td>
</tr>
<tr>
<td>Dream Gate</td>
<td><a href="http://www.dreamgate.gr.jp/">http://www.dreamgate.gr.jp/</a></td>
</tr>
<tr>
<td>Remarks: Support for business promotion and venture</td>
<td></td>
</tr>
</tbody>
</table>