

Japan

Legal Provisions

Compiled by:

Swiss Business Hub Japan

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GENERAL REMARKS

Over the past years, Japan implemented certain deregulation programs and progress has been made in several sectors, especially in the fields of pharmaceuticals and financial services.

However, several areas including agriculture, health, construction and telecommunications remain heavily regulated. Respective imports therefore require approval/registration by the competent authorities. Procedures to obtain them can be time-consuming and sometimes still lack transparency and conformity with global standards.

In order to strengthen the economic relations between the two countries, Switzerland and Japan signed a [Free Trade Agreement in 2009](#) (available only in German and in French.)

Further to the FTA, there are the following agreements between Switzerland and Japan:

- [Social Security Agreement: 2012](#)
- [Double Taxation Agreement: 1971, Amending Protocol in force since 2012](#)
- [Science & Technology Agreement: 2007](#)
- Treaty of Amity and Trade: 1864

Furthermore, the competent Swiss and Japanese authorities regularly hold bilateral economic consultations. Their aim is to discuss issues of common interest including those pertaining to regulatory reform.

In this context, Swiss companies and their Japanese partners are invited to notify the Swiss Business Hub Japan at the Embassy of Switzerland in Japan of specific problems in entering and/or operating in the Japanese market in order to find optimal solutions.

CUSTOMS

Import clearance formalities start with filing an import declaration and end with receiving an import permit, paying customs duty and excise tax. Japan Customs provides information related to [customs procedure](#).

Import of narcotic drugs, firearms, pornography, counterfeit bank notes/coins and goods that violate intellectual property laws is prohibited. Additionally, a number of products such as agricultural products, pharmaceuticals, chemicals etc. undergo some form of import control and require import licenses or prior confirmation.

Japan Customs provides information on prohibited articles and regulated items by law:

<http://www.customs.go.jp/english/summary/prohibit.htm>

IMPORT AND EXPORT REGULATIONS

Relevant laws are:

- [Customs Act](#)
- [Foreign Exchange and Foreign Trade Control Act](#)
- [Wildlife Protection, Control and Hunting Management Act](#)
- Firearms and Swords Possession Control Law (Translation is not available)
- Poisonous and Harmful Substance Control Law (Translation is not available)
- Pharmaceutical Affairs Law (Translation is not available)
- [Fertilizer Control Law](#)
- Law Concerning Sugar Price Stabilization (Translation is not available)
- Explosive Control Law
- Law Concerning Screening of Chemical Substances and Regulations on their Manufacture, etc.
- High Pressure Gas Safety Law
- [Food Sanitation Act](#)
- Plant Quarantine Act
- [Act on Domestic Animal Infectious Diseases Control](#) (tentative translation as of March 2022)
- Rabies Prevention Law (Translation is not available)
- [Cannabis Control Act](#)
- [Stimulants Control Act](#)
- [Narcotics and Psychotropics Control Act](#)
- Opium Law (Translation is not available)

For further information, refer to the website of the Japan Customs, Import Procedures,

<http://www.customs.go.jp/english/summary/import.htm>.

For further search on Japanese laws and regulations in the English language, you may check this link,

[Japanese Law Translation](#), which is operated by the Ministry of Justice.

The Swiss Business Hub Japan will provide local assistance in obtaining detailed information on the regulatory environment for your specific project. Contact tokyo.sbhjapan@eda.admin.ch

TRADE CONTROL

In Japan, for the purpose of maintaining the peace and security of Japan and the international community, the Foreign Exchange and Foreign Trade Act controls exporting and importing goods and transferring technologies. As a result, export bans or other measures may be imposed. Please check https://www.meti.go.jp/english/policy/external_economy/trade_control/index.html for more details as needed.

SANCTIONS RELATED TO RUSSIA

As of March 2022, measures under the Foreign Exchange and Foreign Trade Act concerning the situation in Ukraine are in effect.

<https://www.meti.go.jp/press/2021/03/20220329007/20220329007.html?msckid=677118caafd811ecb3e86e248b18269a> (Available only in Japanese)

In light of the situation in Ukraine and view of international efforts for world peace, Japan has decided to implement export restrictions on certain goods that would help strengthen Russia's industrial base. These measures are in line with those of other major countries and are authorized by Japan's Foreign Exchange and Foreign Trade Law. On May 26, 2023, these restrictions were approved by a Cabinet decision entitled "Asset Freeze and Other Measures against Persons Relating to the Russian Federation," and these changes, effective from August 9, 2023, amend specific provisions of the Export Trade Control Order.

Japan Customs will work closely with the relevant government agencies to ensure the practical effectiveness of these export controls for exporters who may engage in trade with Japan.

For further detailed inquiries, please contact SBH Japan at tokyo.sbhjapan@eda.admin.ch.

CURRENCY REGULATIONS

There is no restriction on the total amount of Japanese or foreign currency, checks (including traveler's checks), promissory notes, and securities that may be brought into or taken out of Japan. However, if the value of above mentioned means of payment exceeds Yen 1'000'000 or its equivalent, or precious metal (gold of more than 90% purity) over 1 kg of total weight are to be exported, it has to be reported to customs. For further information please visit the homepage of Japan Customs.

See: <http://www.customs.go.jp/english/summary/passenger.htm>

REGISTRATION PROCEDURE FOR PRODUCTS

Contact the Swiss Business Hub Japan to obtain information on the registration procedure for your specific product: tokyo.sbhjapan@eda.admin.ch

INTELLECTUAL PROPERTIES

The following is a very simplified explanation of the five most essential points regarding intellectual property (IP) laws and regulations in Japan:

Patents

In Japan, you can patent an invention if it's new, innovative, and applicable to industry. Patents last 20 years, with possible extensions for medical and agricultural products.

Trademark

You can register trademarks for characters, logos, colors, and more. Trademark last for 10 years and can be renewed indefinitely.

Registered Designs

Products and designs can be registered if they are novel and creative. Protection lasts for 20 years.

Unregistered Designs

The Unfair Competition Prevention Act protects original designs for three years after the initial product sale.

Copyright

Copyright protection is automatic upon creation, lasting 50 years after the author's death. There's also protection for cinematographic works for 70 years after publication.

Trade Secrets

Trade secrets are protected indefinitely if they are technical or confidential business information.

If you have questions or need assistance related to Intellectual Property (IP) rights in Japan, we highly recommend that you contact the Swiss Business Hub Japan. However, the following is a list of relevant organizations and authorities with their websites:

Japan Patent Office (JPO):

For patent-related inquiries and registration: <https://www.jpo.go.jp/e/system/patent/gaiyo/patent.html>

For trademark-related inquiries and registration:

<https://www.jpo.go.jp/e/system/trademark/gaiyo/trademark.html>

For registered design-related inquiries and registration:

<https://www.jpo.go.jp/e/system/design/gaiyo/design.html>

Agency for Cultural Affairs:

- For copyright-related inquiries and voluntary copyright registration: [Agency for Cultural Affairs Website](#)

Japan Fair Trade Commission:

- For issues related to unfair competition, antitrust, and franchise regulations: [Japan Fair Trade Commission Website](#)

The Swiss Business Hub Japan will be happy to assist you with these inquiries, so please contact us at tokyo.sbhjapan@eda.admin.ch

STANDARDS, TECHNICAL RULES, LABELLING REGULATIONS

As mentioned under **Import and export regulations**, specific import regulations are in force for a good number of products. Regulations apply not only to the product itself, but also to packaging, labeling, testing, storage and its importer/distributor's qualification. The following major laws and regulations are to be consulted:

Food Sanitation Act	(for food, food additives, food packaging materials, food processing machinery, etc.)
Pharmaceutical Affairs Act	(for pharmaceuticals, cosmetics, medical equipment/devices, etc.)
Electrical Appliance and Material Safety Act	(for electric products including electric medical devices, etc.)
Measurement Act	(for measuring instruments, etc.)
Consumer Product Safety Act	(for furniture, cooking appliances, etc.)
Building Standard Act	(construction materials, fittings, etc.)

The most widely used voluntary mark is **JIS** or the Japan Industrial Standards. JIS is national standards established for the purpose of ensuring the quality of some 8'000 industrial products other than pharmaceuticals, chemicals and agricultural as well as other products covered by the JAS standards (see below). Japan is working on harmonizing the JIS standards with international standards such as ISO.

Another major voluntary mark is the Japan Agricultural Standards, [JAS](#). JAS applies to processed foods, beverages, livestock products, oils and fats, forest products and processed goods such as plywood, lumber and timber, etc.

In the area of organic food, Ministry of Agriculture, Forestry & Fisheries (MAFF) established a new JAS labeling system that allows "organic" labeling only if production and products were duly inspected and certified. The Swiss Federal Office of Agriculture and MAFF have reached a bilateral equivalency agreement. Under this agreement, Swiss certification bodies will be able to apply for registration as "Registered Foreign Certification Organizations." This will allow them to certify Swiss organic food manufacturers or production process managers who in turn can apply for labeling their products with the "[Organic JAS logo](#)."

For further information on Japanese standards, regulations and labeling for household goods please refer to "[Household Goods Quality Labeling Law Handbook](#)" published by the Consumer Affairs Agency and METI.

E-COMMERCE

Following is the essential information for foreign exporters to Japan, covering regulations related to electronic signatures, e-commerce, online platforms, data protection, and more.

Simplified explanations and relevant websites are provided to help exporters navigate the Japanese business landscape effectively.

Electronic Signatures

In Japan, electronic signatures are regulated by the [Act on Electronic Signatures and Certification Business](#). When engaging in e-commerce transactions in Japan, understand the rules for using electronic signatures to facilitate online agreements.

E-commerce Platforms

Japan's e-commerce sector is dynamic, with no specific overarching regulation for e-commerce platforms. Familiarize yourself with the [Act on Improving Transparency and Fairness of Digital Platforms \(TFDPA\)](#), as it enhances fairness and transparency in digital business, including e-commerce.

Data Protection

The Act governs the [Protection of Personal Information](#). When operating e-commerce platforms or collecting customer data, strictly comply with this law to protect consumer privacy.

The Swiss Business Hub Japan will be happy to assist you with these inquiries, so please contact us at tokyo.sbhjapan@eda.admin.ch

TAXES

The Japanese consumption tax is levied on the sale and lease of assets and on the rendering of services by businesses in Japan, as well as on imports. Following a tax raise in October 2019 the current rate of consumption tax is 10 percent, except for food stuffs which is 8%.

For further information on Japanese taxes, please refer to “[Learning More About Taxes](#)” published by the Ministry of Finance in June 2021. Information on taxes on income, taxes on property such as license tax, excise taxes such as liquor tax as well as international taxation information can be viewed there.

For further information on the tax reform which will be enforced in FY 2023, please refer to the “[FY 2023 Japan Tax Reform \(Key Points\)](#).”

For information on the Permanent Establishment (PE)-related provisions, please refer to: <https://www.eu-japan.eu/taxes-accounting/taxation-outline/taxable-presence>

INVOICE SYSTEM

Starting October 1, 2023, Japan will implement a new invoice system that resembles the widely adopted system in European countries. This updated invoicing system is designed to facilitate accurate calculations of creditable tax amounts, especially considering Japan's multiple tax rates. Stay informed to comply with these critical changes in the Japanese business landscape. For more information, please refer to https://www.nta.go.jp/english/taxes/consumption_tax/pdf/2021/general_17.pdf

MY NUMBER SYSTEM (SOCIAL SECURITY NUMBER)

The Japanese government adopted the Social Security and Tax Number System in order to (1) enhance social security for people who truly need it, (2) enhance public convenience and (3) develop efficiency in administration. All registered residents will be notified of the My Number System. Mid- to long-term foreign residents (foreigners who have the legal status of residing in Japan for more than 3 months under the Immigration Control Act) and Special Permanent Residents are considered registered residents, and as such will also receive their individual numbers.

For further information, refer to the following website: <https://www.kojinbango-card.go.jp/en/>

COMMERCIAL CODE

The Japanese Commercial Code deals with the creation and operation of businesses. The Corporate Law became effective in May 2006.

The key features of the new Corporate Law are the following

- Relaxed requirements for establishing new corporations
- Relaxed requirements for M&A
- Relaxation of distribution of dividends
- Relaxed requirements for corporate reorganizations

The new Corporate Law should enable stimulation of the establishments of new corporations, to allow more flexible corporate management structures and strengthen corporate governance.

SETTING UP COMPANIES

Laws and regulations regarding setting up business in Japan are explained in detail on the JETRO website at http://www.jetro.go.jp/en/invest/setting_up/

Incorporating Your Business

- Types of operation in Japan
- Comparison of types of business operation
- Procedures for registering establishment
- Information listed in articles of incorporation
- Certificate on registered company information and company seal registration certificate
- Notifications required after registration
- Closure of branch offices or subsidiary companies

Visas and Status of Residence

- Entry procedures
- Relation between visa and status of residence
- Process from acquisition of Certificate of Eligibility to acquisition of visa
- Types of working statuses
- Temporary visitor visa and status
- Reciprocal visa exemptions for temporary visitor
- Resident card
- Re-entry permission
- Family members accompanying working foreign nationals
- Extension of period of stay and change of status of residence
- Points-based preferential immigration treatment for highly skilled foreign professionals

- Promoting acceptance of foreign entrepreneurs

Taxes in Japan

- Overview of Japanese corporate tax system for investment in Japan
- Domestic-sourced income
- Overview of corporate income taxes (corporate tax, corporate inhabitant tax, enterprise tax)
- Overview of withholding income tax
- Tax treaties
- Overview of consumption tax
- Overview of individual tax system
- Other principal taxes
- Other principal corporate taxation regarding international transactions
- Handling of corporate, local and consumption taxes depending on capital amount

Human Resource Management

- Application of laws
- Recruitment
- Labour contracts
- Wages
- Legislation on working hours, breaks and days off
- Rules of Employment
- Safety and hygiene
- Resignation and dismissal
- Japan's social security system

Trademark and Design Protection Systems

- Legislation on trademark and design
- Japan's trademark system
- Validity and term of trademark registration
- Cancellation of trademarks
- The registration process
- International registration of trademarks
- Protection of designs
- The registration process
- International Registration of Industrial Designs

JOINT VENTURE OPPORTUNITIES

Advantages of joint ventures include access to market information, a market presence, a better chance to technology and product development, access to a distribution system and customers.

Case studies of foreign companies that expanded business in Japan (not only through JV) are available online at <https://www.jetro.go.jp/en/invest/newsroom> (Investment News - “Success Stories”, JETRO).

NATIONAL STRATEGIC SPECIAL ZONES IN TOKYO

Six areas, including Tokyo, are designated as the National Strategic Special Zones.

Tokyo is designated to attract foreign business by the national government based on the perspectives of boosting the international competitiveness of industry and promoting the creation of centers of international economic activities by giving priority to advancing structural reform of the economic system. Further detailed information on “Invest Tokyo” is available at <https://www.investtokyo.metro.tokyo.lg.jp/en/>, and more information on Tokyo’s Special Economic Zones is available at <https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/>

PROMOTION OF INVESTMENT

Foreign firms investing in Japan that have obtained special certification are eligible for special tax incentives and loan guarantees. Moreover, they may also qualify for low-interest loans from governmental financial institutions such as the Development Bank of Japan: https://www.dbj.jp/en/service/finance/finance_flow/index.html

Japan External Trade Organization (JETRO) provides various information services such as seminars, publications and personal advice. JETRO also maintains the Invest Japan Business Support Center (IBSC) in six major cities of Japan. IBSC has incubation offices that can be used by qualified foreign companies free of charge and are staffed by specialized advisors. Further information is available at <https://www.jetro.go.jp/en/invest/> or contact:

JETRO Genève

80, rue de Lausanne
1202 Genève

Tel: (+41) 22 732 13 04

Fax: (+41) 22 732 07 72

<http://www.jetro.go.jp/switzerland/>

In addition, many local governments provide foreign firms with incentives such as local tax exemptions, subsidies, loan programs etc. <https://www.jetro.go.jp/en/invest/region/>

In cooperation with JETRO, the ministries in the Japanese government also provide the same services for foreign investors under the name of “INVEST JAPAN”:

http://www.invest-japan.go.jp/en_index.html

ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOR LAW

A Swiss citizen may submit a visa application together with required documents to the Japanese Embassy in Bern or the Consulate in Geneva. A Short-Term Stay Visa is available for preparatory work such as procuring office space, employing staff, etc., so long as no business activities are engaged in. For a longer stay, a Certificate of Eligibility is to be obtained in advance which is issued by the immigration bureau in Japan and is to be attached to the visa application.

For further information:

Japanische Botschaft in der Schweiz

Engestrasse 53

3012 Bern

Tel.: (+41) 31 300 22 22

Fax: (+41) 31 300 22 56

<https://www.ch.emb-japan.go.jp/de/visareise.html>

consularsection@br.mofa.go.jp

or

Consulat du Japon à Genève

82 Rue de Lausanne

1202 Genève

Tel: (+41) 22 716 99 00

Fax : (+41) 22 716 99 01

https://www.geneve.ch.emb-japan.go.jp/itprtop_ja/index.html

consulate@br.mofa.go.jp

Residents in Geneva, Vaud, Valais or Ticino are requested to contact the Consulate General of Japan in Geneva.

COVID-19 JAPAN ENTRY RESTRICTIONS

Effective from midnight Japan time on April 29, 2023, all previous requirements for travelers entering Japan, including submitting valid vaccination certificates, pre-departure inspections upon arrival, and quarantine measures, were lifted. Travelers are no longer be obligated to undergo these immigration procedures, which has returned to their pre-pandemic status.

SOURCES OF INFORMATION AND LINKS

EU Market Access and Trade Barriers Database, European Union

<https://madb.europa.eu/madb/>

(Choose “by country”, then “Japan”)

Customs and Tariff Bureau, Ministry of Finance

https://www.mof.go.jp/english/customs_tariff/index.html

Japan Industrial Standards Committee

<https://www.jisc.go.jp/eng/index.html>

Investing in Japan, JETRO

Information on establishing business in Japan such as information on regions, attractive sectors, Japan's investment climate, taxation, corporate law, labor issues, cost simulation, surveys & statistics and JETRO services etc.

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

OTHER USEFUL WEBSITES

Japanese Law Links

<http://www.japaneselawtranslation.go.jp/?re=02>

World Legal Information Institute, Japan

<http://www.worldlii.org/catalog/234.html>

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