

## Setting up Business in Japan (How to establish a Company / Japan Branch)

### 1) How to establish (register) a company in Japan / How to establish a Japan Branch

◆A general flow of procedure for registering the incorporation of a joint stock company (Kabushiki Kaisha (hereinafter K.K.)) or establishment of a Japan branch is as follows:

#### A general flow of procedure for registering establishment of a Japan branch

1. Appointment of representative in Japan and determination of business location  
(At least one of the representatives in Japan must be a resident of Japan.)



2. Preparation of documents required for registration of a branch  
(e.g.: attestation of an affidavit by the consul residing in Japan)



3. Application for establishment of a branch with the Legal Affairs Bureau



4. Acquisition of a Certified Copy of the Commercial Register, etc.



5. Opening of a corporate account at a commercial bank



6. Report on the establishment of the corporation to the Taxation Authorities and the relevant local government

#### A general flow of procedure for registering the incorporation of a K.K.

The following is the necessary procedure for foreign investor(s) for establishment of K.K. (There are 2 ways, Hokki-setsuritsu and Boshu-setsuritsu, for company establishment stipulated by the Corporate Law. The following outlines the method of incorporation through the Hokki-setsuritsu; incorporation by subscription of all shares by the promoters.)

1. Preparation of the articles of incorporation

- Election of the initial directors and initial officers, etc.
- Election of the initial representative director by the initial directors
- If the promoter is a foreign company, the articles of incorporation shall be signed by the representative of the foreign company. It is also necessary to prepare certification of the qualification of the representative (e.g.: a certificate of signature attested to by the competent authorities in the applicant's home jurisdiction).



2. Notarization of the articles of incorporation by a Japanese notary public



3. Payment of the capital subscription into a bank, etc., specified by the promoter



4. Application for establishment of a K.K. with the Legal Affairs Bureau



5. Acquisition of a Certified Copy of the Commercial Register, etc.



6. Report on the establishment of the corporation to the competent ministers through the Bank of Japan



7. Opening of a corporate account at a commercial bank



8. Report on the establishment of the corporation to the Tax Authorities and the relevant local government

**◆Before setting up a business base in Japan, please confirm the following matters:**

- Which type of the entity are you setting up? K.K. or Japan Branch?
- Do you need to acquire a Status of Residence (work permit) in Japan?

**\*Point\***

In each case, business place to be registered is required.

\*Introduction to rental office agency is available.

\*Introduction to governmental organization which provides incubation office is available.

If the capital amount of headquarter is large, we advise you to choose K.K. since corporate inhabitant tax calculation base shall be the capital and the numbers of employees of headquarter. (see FAQ-Q2.)

**◆FAQ**

**Q1. How much is the minimum amount to be invested (minimum capital)?**

A1. The minimum amount to be invested is 1 yen (The Company Law). However, if you need Status of Residence (work permit), basically, investment of at least 5 million yen will be required (the Immigration guideline).

**Q2. Is there no tax payable if there is no profit?**

A2. At least corporate inhabitant tax of 70,000 JPY/year (in case located in Osaka city, Osaka pref. (as of April, 2015)) is required. The corporate inhabitant tax amount varies by capital and the number of employees.

Please note that Japan branch's corporate inhabitant tax calculation base shall be the capital and the numbers of employees of headquarter.

**Q3. Is a virtual office accepted for registration?**

A3. Yes, registration itself is accepted. However, if you need Status of Residence (work permit), actual space should be prepared.

## 2) Work permit (VISA, status of residence) in Japan

### ◆Acquisition of Status of Residence (work permit)

When a foreigner wishes to stay in Japan for work, etc., s/he must obtain a status of residence where the activities to be engaged in are applicable from among 27 types of status of residence stipulated in the Immigration Control and Refugee Recognition Act.

Criteria for the major categories of status of residence for work are listed below.

#### a) Business Manager

<Criteria>

- Business must be run properly, and be recognized as stable and continuing.
- Facility for the business must be reserved.
- Two or more full-time employees other than the person engaged in operation or management of the business must be employed, or capital or investment amount must be 5 million JPY or more.  
\*full-time employees must be a Japanese national, permanent resident, spouse of Japanese national or permanent resident, or long-term resident.

(For Business Manager)

- Must have three or more years experience in operations or management and must receive equal or greater compensation when a Japanese national is in the same position.

#### b) Engineer · Specialist in Humanities · International Services

<Criteria>

- Majored in the subject related to the necessary knowledge for the business to engage in and graduated, or having 10 years or more work experience in the business to be engaged in.  
(When engaged in interpreting, translation, language teaching, or overseas operations, etc., 3 years or more work experience in the business to be engaged in is required. However, university graduates who wish to engage interpreting, translation or language teaching are not required to have such experience.)
- Must receive equal or greater compensation when a Japanese national is in the same position.

For more details please contact us at [mine\\_nak@cotton.ocn.ne.jp](mailto:mine_nak@cotton.ocn.ne.jp)