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SWITZERLAND GLOBAL ENTERPRISE

Japan
Legal Provisions

Compiled by:

Swiss Business Hub Japan

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GENERAL REMARKS

The purpose of this document is to give an overview of trade-related legal provisions and regulations, particularly those relevant for small and medium sized Swiss companies operating from outside Japan. It outlines the current state of legislation and, to the extent possible, its practical application.

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INTRODUCTION

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.

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.)

In addition 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 to find optimal solutions.

CUSTOMS LAW AND DUTIES

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: Goods with Prohibitions, Controls and Restrictions | Japan Customs

For customs duties, please refer to S-GE's modular database: Customs Database | S-GE

IMPORT REGULATIONS / NON-TARIFF RESTRICTIONS

Regulatory Framework

Japan's import regulations are primarily governed by the Customs Law and the Foreign Exchange and Foreign Trade Act. These laws outline the procedures and documentation required for importing goods into Japan.

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
- 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 Japan Customs, Import Procedures.

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.

Trade Controls

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 Trade Control | Ministry of Economy, Trade and Industry (METI) for more details as needed.

Barriers to Trade and Investment

For information regarding barriers to trade and investment, please refer to the following document: Barriers to trade and investment | Ministry of Foreign Affairs of Japan (MOFA)

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

STANDARDS, TECHNICAL RULES, LABELLING REGULATIONS

As mentioned under Import regulations / non-tariff restrictions, 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.

REGISTRATION PRODECURE FOR PRODUCTS

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

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.

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 the Customs.

For further information please visit the homepage of Japan Customs:
Procedures of Passenger Clearance | Japan Customs

PROTECTION OF INTELLECTUAL PROPERTY

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.

Trademarks

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):
  Procedures for Obtaining a Patent Right | JPO
  Procedures for Obtaining a Trademark Right | JPO
  Procedures for Obtaining a Design Right | JPO

- Agency for Cultural Affairs
  For copyright-related inquiries and voluntary copyright registration:

- Japan Fair Trade Commission
  For issues related to unfair competition, antitrust, and franchise regulations

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, the provision of services by businesses in Japan, and on imports. Since the tax increase in October 2019, the standard consumption tax rate remains at 10%, with a reduced rate of 8% applied to certain items such as food and beverages (excluding alcohol and dining out). As of April 2025, there have been no changes to these rates.

For further information on Japanese taxes, including income tax, property taxes such as license tax, excise taxes such as liquor tax, and international taxation, please refer to the publication *"Learning More About Taxes"* issued by the Ministry of Finance in June 2024. This publication remains available as a general reference, although no updated edition has been released as of 2025.

For key highlights of recent tax changes including proposals, please see the *"FY 2025 Japan Tax Reform (Key Points)"*. Additionally, please note that from April 1, 2025, a new platform-based consumption tax scheme has been introduced for digital services provided by foreign businesses to Japanese consumers. More details are available from the National Tax Agency of Japan.

For information on Permanent Establishment (PE)-related provisions, please refer to the *"Taxable Presence"* section provided by the EU-Japan Centre for Industrial Cooperation:
Taxable presence | EU-Japan

PROCEDURES FOR COLLECTING PAYMENT AND INVOICING

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 Outline of the Invoice System | National Tax Agency (NTA)

MY NUMBER SYSTEM (SOCIAL SECURITY NUMBER)

The Japanese government adopted the Social Security and Tax Number System ("My Number System") to (1) enhance social security for people who truly need it, (2) improve public convenience, and (3) increase efficiency in public administration. All registered residents are assigned a 12-digit individual number.

Mid- to long-term foreign residents (foreigners who have the legal status of residing in Japan for more than three months under the Immigration Control Act) and Special Permanent Residents are considered registered residents and will also receive their individual numbers.
As of April 2025, the My Number Card has been further integrated into various public systems. It now functions not only as an official ID but also:

- **As a health insurance card**, replacing the previously issued separate health insurance cards.
- **As a driver's license**, starting from March 2025. The driver's license information is embedded in the IC chip of the card, eliminating the need to carry two separate IDs.
- **In digital form**, with support for smartphones. Apple has announced that My Number Card functionality will be available in the Wallet app, allowing users to store and use their ID information digitally.
- **As part of a planned integration with the Residence Card** for foreign nationals. The government has begun preparations to combine both cards to simplify identification procedures for foreign residents.

These developments aim to improve convenience, promote digital government services, and reduce

administrative burdens for residents and authorities alike.

For further information on the My Number System and its safety and usage, please refer to the official website of Japan's Digital Agency

ENFORCING COMMERCIAL CONTRACTS AND RESOLVING DISPUTES

Enforcing commercial contracts and resolving disputes in Japan involve a well-structured judicial system and modernized alternative dispute resolution (ADR) methods.

Dispute resolution options include:

Arbitration:

Favored for international commercial disputes, with recent legal amendments improving the arbitration process and enforceability of interim measures.

Read more about here: International Arbitration in Japan | The Ministry of Justice (MOJ)

Litigation:
The court system ensures enforceability of judgments domestically and internationally under conventions like the New York and Washington Conventions (GLI).

Mediation:

Enhanced by the Mediation Act, which aligns with the Singapore Convention, facilitating enforcement of international mediated settlements (Debevoise).

OVERVIEW OF PUBLIC PROCUREMENT SYSTEM

In Japan, there are two types of public procurement systems. One system is implemented by the national government and the other by local governments (e.g., prefectures or municipalities).

Japan Customs.

Procurement Notices

Japanese Government Procurement | Japan External Trade Organization (JETRO)

General Information on Government Procurement

Government Procurement | Japan External Trade Organization (JETRO)

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 Setting up Business | Japan External Trade Organization (JETRO)

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
- Labor 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

LEGAL FORMS OF COMPANIES

According to the Japanese Companies Act, there are four legal forms of companies. The most common forms of companies in Japan are joint-stock companies (kabushiki-kaisha (KK)) and limited liability companies (godo-kaisha (GK)). General partnership companies (gomei-kaisha) and limited partnership companies (goshi-kaisha) are rarely chosen in practice because equity participants bear unlimited rather than limited liability.

Kabushiki-Kaisha (KK)

A kabushiki-kaisha (KK) is a highly reputable company structure in Japan, owned by shareholders and managed by directors. To establish one, you'll need at least one shareholder who can also serve as the representative director. KKs offer credibility to your company's name and facilitate raising capital through various means like selling shares. While typically suited for medium to large enterprises, even smaller operations can opt for a KK if they meet capital requirements. While the process of setting up a Kabushiki-Kaisha is more tedious and expensive and stricter regulations have to be met in comparison to setting up a godo-kaisha, there are many advantages. These include enhanced company image, capital-raising options, investor attraction, limited personal liability for shareholders, and ease in hiring Japanese employees due to the KK's good reputation.

Godo-Kaisha (GK)

A godo-kaisha is a common choice for small and medium-sized companies in Japan, offering a partnership structure instead of shares. Introduced in 2006 to replace the yugen-kaisha, GKs are less prominent than kabushiki-kaisha companies. Advantages of GKs include lower startup costs and simplified incorporation without the need for Articles of Incorporation or a board of directors, making it ideal for sole investors. However, GKs face limitations in raising capital as they cannot sell shares or issue stock options like KKs. Moreover, the lesser recognition of GKs compared to KKs might impact the company's perception in Japan.

JOINT VENTURE OPPORTUNTIES

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 Success Stories | Japan External Trade Organization (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.

Find more general information at Invest Tokyo, and more information on Tokyo's Special Economic Zones is available at Office for Startup and Global Financial City Strategy

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.

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 Invest Japan | Japan External Trade Organization (JETRO) or contact:

JETRO Genève
80, rue de Lausanne
1202 Genève
Tel: (+41) 22 732 13 04
Website: JETRO Switzerland

In addition, many local governments provide foreign firms with incentives such as local tax exemptions, subsidies, loan programs etc.
Learn more here: Incentive Programs | Japan External Trade Organization (JETRO)

In cooperation with JETRO, the ministries in the Japanese government also provide the same services for foreign investors under the name of "INVEST JAPAN":
Learn more here: INVEST JAPAN | Cabinet Office

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, contact the Japanese Embassy in Bern or the Consulate in Geneva.

SOURCES OF INFORMATION AND USEFUL WEBSITES

Market Access and Trade Barriers Database, European Union

EU-Japan Economic Partnership Agreement | European Commission

Customs and Tariff Bureau, Ministry of Finance, Japan

Customs and Tariffs | Ministry of Finance

Standardization Policy, Japanese Industrial Standards Committee (JISC)

The JISC plays a central role in developing standards in Japan and is responsible for Japan’s growing contribution to setting international standards (ISO, IEC)

Japan's Standardization Policy | JISC

Investing in Japan, Japan External Trade Organization (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.

Investing in Japan | Japan External Trade Organization (JETRO)

Japanese Law, Ministry of Justice

Search for Japanese laws and regulations including their translations.

Japanese Law Translation | Ministry of Justice

Japanese Legislations Database, World Legal Information Institute

Japanese Legislations Database | WorldLII

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