

# Laws & Regulations on Setting Up Business in Japan

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# Types of business operation in Japan

For a foreign company located  
outside Japan

- (a) Representative  
office
- (b) Branch office
- (c) Subsidiary  
Company

# Representative Office

For carrying out preparatory and supplemental tasks

For foreign companies to someday engage in full-scale business operations in Japan

Usually cannot open bank accounts or lease real estate in its own name

Head office of the foreign company or the representative at the representative office sign contracts

# Branch Office

For continuous transactions in Japan

Must register for establishing Branch Office:

- (a) an office location is secured,
- (b) the branch office representative is determined, and
- (c) the necessary information is registered.

# Branch Office

Foreign company is ultimately responsible for all debts and credits that are generated by the activities of its Japanese branch office.

The branch office may open bank accounts and lease real estate in its own name.

# Subsidiary Company

A separate corporation from the  
foreign company

For continuous transactions in  
Japan

Usually:

Joint-stock corporation(Kabushik-  
Kaisha) or

Limited liability company (Godo-  
Kaisha)

# Subsidiary Company

Will bear the liability of an equity participant stipulated by law for all debts and credits that are generated by the activities of the subsidiary.

# Comparison of Types of Business Operation

Branch Office  
vs.  
Subsidiary Company

Foreign companies generally engage in business operations by establishing a branch office or subsidiary company. See comparison in the next slides.



	Branch office	Subsidiary	
		Kabushiki-Kaisha (joint-stock corporation)	Godo-Kaisha (limited liability company (LLC))
Capital	No capital	1 yen or more	1 yen or more
Liability of equity participants/parent company toward creditors	Unlimited	Limited to amount of equity participation	Limited to amount of equity participation
Number of executives required	Representative in Japan. 1 or more	-----	No legally stipulated minimum.
Regular general meeting of shareholders (members)	Not required	In principle, must be held every year	Not required

	Branch office	Subsidiary	
		Kabushiki-Kaisha (joint-stock corporation)	Godo-Kaisha (limited liability company (LLC))
Possibility of reorganization into joint-stock corporation	Not possible.	-----	Possible
Taxation of profits	Income arising within Japan is in principle taxed	Taxed according to profits of joint-stock corporation and profits allocated to shareholders	Taxed according to profits of Godo-Kaisha and profits allocated to participants

# Establishment Procedures for registering establishment

Registration of establishment of  
branch office

A branch office may begin business operations after registering its establishment with the Legal Affairs Bureau

General flow of procedures for establishing a branch office is as in the next slide

1 Prior notification of establishment of branch office to the Bank of Japan depending on category of industry

2 Determination of branch office information to be registered

3 Examination at the Legal Affairs Bureau of identical corporate names

4 Establishment of branch office (date of branch office establishment is at the branch office's discretion)

5 Preparation of affidavit on establishment of branch office

6 Certification of affidavit by embassy/consulate in Japan

7 Application at the Legal Affairs Bureau for registration of branch office establishment; registration of company seal at Legal Affairs Bureau

8 Acquisition of certificate on registered information and company seal impression certificate (approx. two weeks after application for registration)

9 Opening of bank account under branch office name

# Establishment Procedures for registering establishment

Registration of establishment of  
a subsidiary company

Subsidiary companies are established through registration with the Legal Affairs Bureau.

General flow of procedures for establishing a Kabushiki-Kaisha (joint-stock corporation) is as in the next slide

- 1 Determination of profile of joint-stock corporation to be established
- 2 Examination at the Legal Affairs Bureau of identical corporatenames
- 3 Preparation of joint-stock corporation's articles of incorporation
- 4 Acquisition of registration certificates, etc. for parent company, and preparation of affidavits regarding profile of parent company and affidavits regarding signatures of representatives of parent company (affidavits must be attested by a public notary in equity participants' own countries)
- 5 Notarization of joint-stock corporation's articles of incorporation by Japanese notary public
- 6 (Application to bank for capital custody and issue of capital custody certificate in case of incorporation with outside offering)

- 7 Remittance of joint-stock corporation capital to account of incorporator or representative director at incorporation  
(Remittance of joint-stock corporation capital to special bank account in case of incorporation with outside offering)
- 8 Appointment of directors and other officers, such as representative directors and auditors
- 9 Examination by directors and auditors of legality of establishment procedures
- 10 Application at the Legal Affairs Bureau for registration of joint-stock corporation establishment (joint-stock corporation establishment date); registration of company seal at the Legal Affairs Bureau
- 11 Acquisition of certificate on registered information and company seal impression certificate (approx. two weeks after application for registration)
- 12 Opening of bank account under company name
- 13 Notification of stock acquisition to the Bank of Japan (notification prior to company establishment may be required in certain sectors)