



GUIDE TO COMPANY INCORPORATION IN JAPAN

FOR UNITED STATES BUSINESSES

INTRODUCTION TO JAPAN

Japan is the world's third largest economy (after the United States and China) with a sophisticated business environment and advanced infrastructures.

Japan has been one of the fastest growing economies and home to technology and product innovation where the market continues to expand – highly attractive for long-term business investment.

KEY ADVANTAGES OF SETTING UP IN JAPAN

GOVERNMENT POLICY AND REGULATIONS

Foreign investors are restricted to conduct those businesses which are permissible under foreign investment regulations. Corporate set up is complex and time-consuming.

AN EVER-GROWING ECONOMY & A SOPHISTICATED MARKET

Japan's investment environment is improving due to government efforts. The Japanese economy is growing and steadily recovering from deflation. Japan is the world's third largest economy (after the United States and China). Japan's GDP is ~JP¥500 trillion. It is a leading world economy that boasts large-scale economic power.

AN INNOVATION HUB & BUSINESS- FRIENDLY INFRASTRUCTURE

Japan has a large number of world-class research funding and researchers especially in science and technology-related areas where Japan ranks 1st among G7 countries. Japan's business environment is highly rated among Asian economies. The advantages are well-maintained infrastructure in transportation, logistics, information, communication and energy.

Source: <https://www.jetro.go.jp/en/invest/whyjapan/ch1.html>

OPERATION & REQUIREMENTS OF BUSINESS COMPANIES IN JAPAN



INCORPORATION

Japan generally has two forms of business entities available: 1) a joint stock corporation (called kabushiki kaisha or KK) and 2) a limited liability company (called good kaisha or GK).



DIRECTORS

For a KK with a board of directors, a minimum of three directors are required. Otherwise, for a KK without a board of directors, only one director is required. The director must be a natural person. The role of Representative Director holds full power of attorney for the company.



EQUITY & REQUIRED INVESTMENTS

It is possible to incorporate a KK or GK with as little as JPY 1. However, those applying for an Investor/ Manager Visa must invest upwards of JPY 5 million into the capital.



OFFICES

Every company is also required to have a registered office situated in Japan. We can provide a registered office facility.



TAXATION

Corporation Tax and Local Corporation Tax are applied at a national level and stand at 23.4% and 1.03% respectively. Japan also levies taxes at a local level by municipalities or prefectures. These may vary according to the size of the company, and include: Inhabitant Tax, Business Tax and Special Local Corporation Tax. Small and medium-sized companies enjoy a lower tax rate. Consumption Tax is the Japanese equivalent of VAT and set at 8% of the transfer price. Initial tax filings are required to be filed with the National Tax Office and the Local Tax Office by various due dates from the establishment of a new company. Practically, initial tax filings should be submitted within 3 months or before FYE after establishment as this is the deadline for the blue form tax form application.



RECORDS

The following documents shall be maintained at the registered office in Japan:

- (a) Shareholders Register
- (b) Book of Account
- (c) Minutes of Ordinary general Meeting of Shareholders
- (d) Minutes of Extraordinary General Meeting of Shareholders
- (e) Financial Statements
- (f) Business Report

DOCUMENTATION & INFORMATION REQUIRED TO INCORPORATE A JAPANESE KK OR GK

We can support the incorporation of a Japanese company, provided the following documentation is completed and information received:

- A completed copy of our Incorporation Questionnaire;
- The company name requested is available. Alternatives or recommendations are provided in instances where the preferred name may already be taken or rejected by the Companies Registry;
- Our standard form of Articles of Association is used as the proposed company's constitutional document;
- Our Letter of Engagement signed by the beneficial owner indicating acceptance of the terms of our engagement;
- Our due diligence procedures have been successfully completed. This procedure is mandatory to satisfy the Anti-Money Laundering Legislation in Japan. The list of documents required is detailed in the Incorporation Questionnaire.

HOW TRICOR CAN HELP IN JAPAN

Tricor K.K. (Tricor Japan) is based in Tokyo, Japan and specialises in supporting foreign multinationals entering, expanding, or optimising business operations in Japan.

Tricor Japan and its partners and affiliates provide a range of services including accounting for Japanese entities; financial reporting in US GAAP, IFRS, J-GAAP and banking / treasury services; tax compliance and inbound advisory services; statutory payroll, benefits and HR advisory services; corporate secretarial services (entity formation, nominee services, company secretarial support and liquidation management).

Establishing business in Japan is complicated and the process may require multiple private sectors and practitioners to be involved in the incorporation as well as post-incorporation phases. Tricor Japan has supported over 750 multinational companies to successfully set up in Japan. We offer the necessary support companies need to maintain compliance in Japan. We also offer serviced office spaces and outsourced IT support.

BUSINESS SERVICES

- Human Capital Management & Payroll, Benefits Administration
- Accounting & Financial Reporting
- Corporate Tax Services & Tax Audit Support
- Cash, Bank & Payment Administration

CORPORATE SERVICES

- Company Formation & Dissolution
- Corporate Secretarial Services
- Nominee Director and Address Services
- Business License Application & Maintenance
- Visa Application Support

SUPPORT SERVICES

- Serviced Office Space
- IT Solutions, Hardware Procurement and Installation & Remote / Onsite Support

