

Japan Labor and Social Insurance systems – At a Glance

Japan's social security system

Japan has a universal insurance system whereby everyone residing in Japan must, in principle, enrolled in the public health (medical) insurance and pension insurance system.

Labor and Social Insurance systems

Japan has 4 kinds of insurance system that companies are legally obliged to participate and all employees that meet certain criteria are covered by the insurance.

- i. **Workers' Accident Compensation Insurance**
This covers any illness or accident incurred by employees as a result of work or while commuting to or from work.
- ii. **Employment Insurance**
This provides for employees that become unemployed & helps to maintain stable employment such as by providing financial aid & subsidies.
- iii. **Health Insurance and Nursing Care Insurance**
It cover medical and nursing care expenses incurred by employees.
- iv. **Employees' Pension Insurance**
This provides for benefits to employees in their old age, or in the case of death or disability.

Generally, **Workers' Accident Compensation Insurance** and **Employment Insurance** are known collectively as "**Labor insurance**," while **Health, Nursing Care and Employees' Pension Insurances** are referred to collectively as "**Social Insurance**."

A "**Branch office**" or a "**local subsidiary company**" of a foreign corporation must enter "**Labor & Social Insurance**" upon incorporation and hiring employee by submitting notification forms to the relevant local authorities (#).

(#)

#1] Since Oct-2016 part-time employees working for a co. with more than 500 employees will also be insured where their prescribed working hours are at least 20 hours per week receiving a monthly pay of at least 88,000 yen with a prospect of continuous employment of at least one year.

#2] Effective Sept-09 premium rates for health insurance administered by the Japan Health Insurance Association have changed from a uniform rate to one that varies depending on prefecture.

#3] Standard monthly remuneration refers to the division of the total amount of salary and other such payments into predetermined brackets.

#4] Standard bonus refers to the amount of the bonus rounded down to the nearest unit of 1,000-yen figure.

#5] Union Run Health Insurance refers to an insurance scheme provided by a union run by a company or a group of companies.

The company normally pays insurance premiums by deducting the portion of the premiums payable by employees from their salary and paying it together with the portion of the premiums payable by the co. to the relevant local authorities.

**Employer & Employee burden of premium
(based on annual salary %) for Social & Labour insurance):**

Employer: 15.321% (16.111% for employees age 40 & over) plus 0.002% will be added to the premium rate for Workers' Accident Compensation Insurance for the time being in order to fund benefits for asbestos-induced diseases.

Employee: 14.471% (15.261% for employees age 40 & over)

Jointly for employer & employee the total burden of premium is approx. 30% of annual salary.

Annual procedure timing: Every May for labor insurance & every July for social insurance. Withholding premiums for social insurance is payable monthly & for labor insurance at the time of annual renewal every year in May by employer to the local authority. Other additional ongoing procedures required are as follows:-

- At the time of bonuses are paid
- For any major changes in salary amount
- When hiring a new employee
- When an employee resigns etc.

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Insurance	Benefits	Coverage	Premium rate (% of total annual wage)		Remarks
			Employer	Employee	
Workers' Accident Compensation Insurance	Benefits are paid as compensation for medical expenses, work missed, disability or death incurred as a result of work or while commuting to or from work.	All businesses that employ workers must have this insurance.	0.35% (in cases of import and trade, and sales industries)		<ul style="list-style-type: none"> · Special coverage available for employers · Premium rates differ according to industry
Employment Insurance	Benefits are paid to unemployed workers & workers on child care leave and the elderly.	All workers whose prescribed working hours are not less than 20 hours per week must have this insurance.	0.7%	0.4%	Persons enrolled in unemployment compensation programs overseas are exempt.
Health Insurance and Nursing Care Insurance	Benefits are paid for illness or injury not arising as a result of work or while commuting, and for childbirth, etc.	All full-time workers employed at incorporated companies, as well as part-time workers whose prescribed working hours were not less than 75% of full-time workers.	4.98% (5.77% if aged 40 or over)	4.98% (5.77% if aged 40 or over)	This premium rate applies only to Japan Health Insurance Association Run Health Insurance (in Tokyo).
Employees' Pension Insurance	Benefits are paid for old age, disability and death.		9.091% (from September 2016)	9.091% (from September 2016)	A system exists under which premiums are partially returned to foreign nationals upon withdrawal from the insurance program.
Child Benefits Contribution	Contribution to a social welfare system for child benefit, and differs in nature from the welfare benefits offered to workers through their employers.		0.20%		
Total			15.321% (16.111% if 40 or over)	14.471% (15.261% if 40 or over)	

*0.002% will be added to the premium rate for Workers' Accident Compensation Insurance for the time being in order to fund benefits for asbestos-induced diseases.

(source: Govt. agency)

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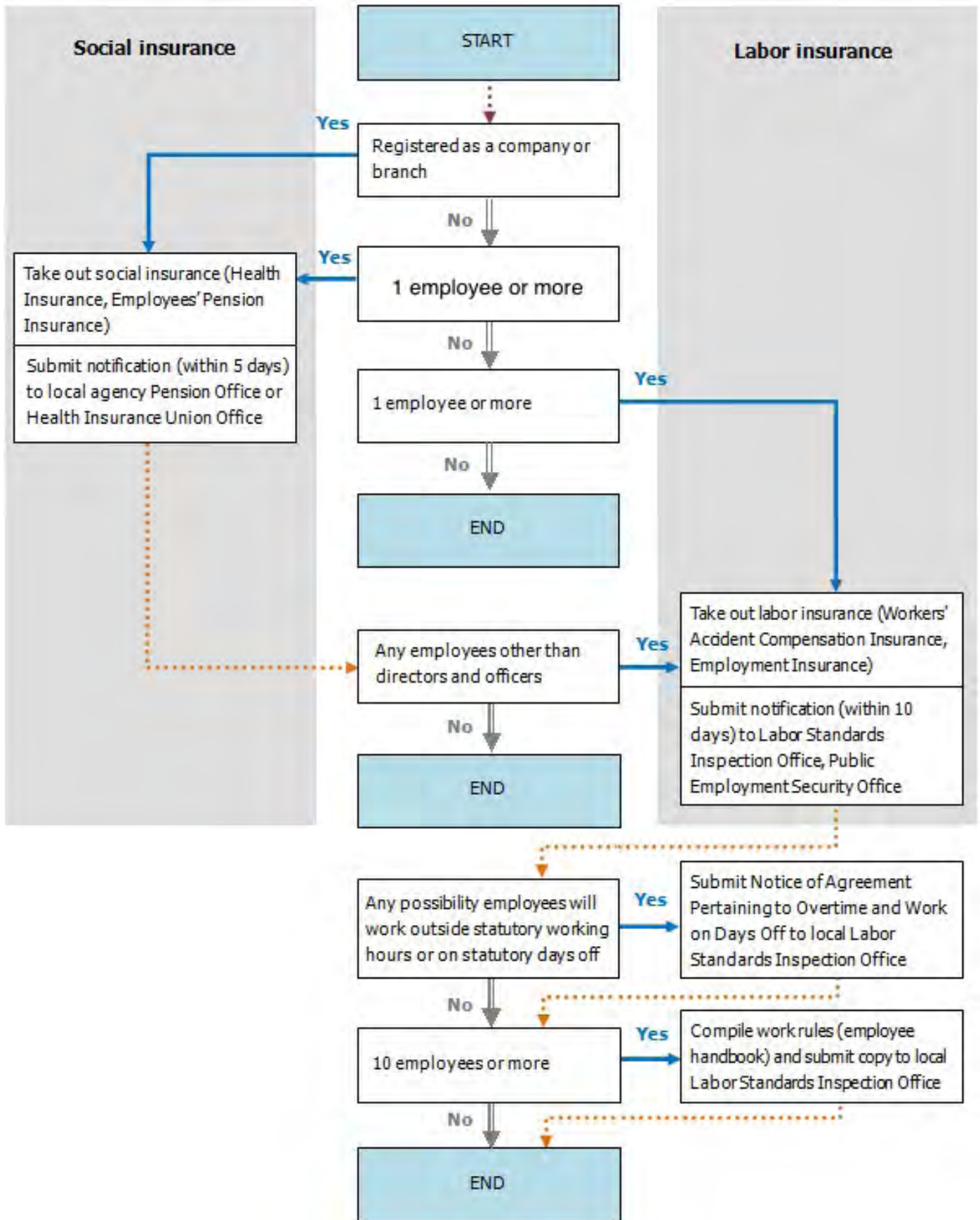
Social Security Agreements with Countries in place & under preparation

Country	Agreement date	Aggregate period	Social security system subject to duplication prevention	
			Japan	Country
Germany	February 2000	Exist	Public pension system	Public pension system
U.K.	February 2001	Not exist		
Korea	April 2005	Not exist		
U.S.	October 2005	Exist	Public pension system/ Public medical insurance system	Public pension system/ Public medical insurance system
Belgium	January 2007	Exist		Public pension system/ Public medical insurance system/ Public accident compensation insurance system for workers/ Public employment insurance system
France	June 2007	Exist		Public pension system/ Public medical insurance system/ Public accident compensation insurance system for workers
Canada	March 2008	Exist		Public pension system (excluding Quebec)
Australia	January 2009	Exist	Public pension system	Retirement pension security system
Netherlands	March 2009	Exist	Public pension system/ Public medical insurance system	Public pension system/ Public medical insurance system, employment insurance system
The Czech Republic	June 2009	Exist		
Spain	December 2010	Exist	Public pension system	Public pension system
Ireland	December 2010	Exist		
Brazil	March 2012	Exist	Public pension system	Public pension system
Switzerland	March 2012	Exist	Public pension system/ Public medical insurance system	Public pension system/ Public medical insurance system
Hungary	January 2014	Exist	Public pension system/ Public medical insurance system	Public pension system / Public medical insurance system, employment insurance system
Italy	In preparation	Not exist	Public pension system/ Public employment insurance system	Public pension system/ Public employment insurance system
India	In preparation	Exist	Public pension system/ Public employment insurance system	Public pension system/ Public employment insurance system
Luxembourg	In preparation	Exist	Public pension system/ Public medical insurance system	Public pension system/ Public medical insurance system/ Public accident compensation insurance system for workers / Public employment insurance system
The Philippines	In preparation	Exist	Public pension system	Public pension system

(source: Govt. agency)

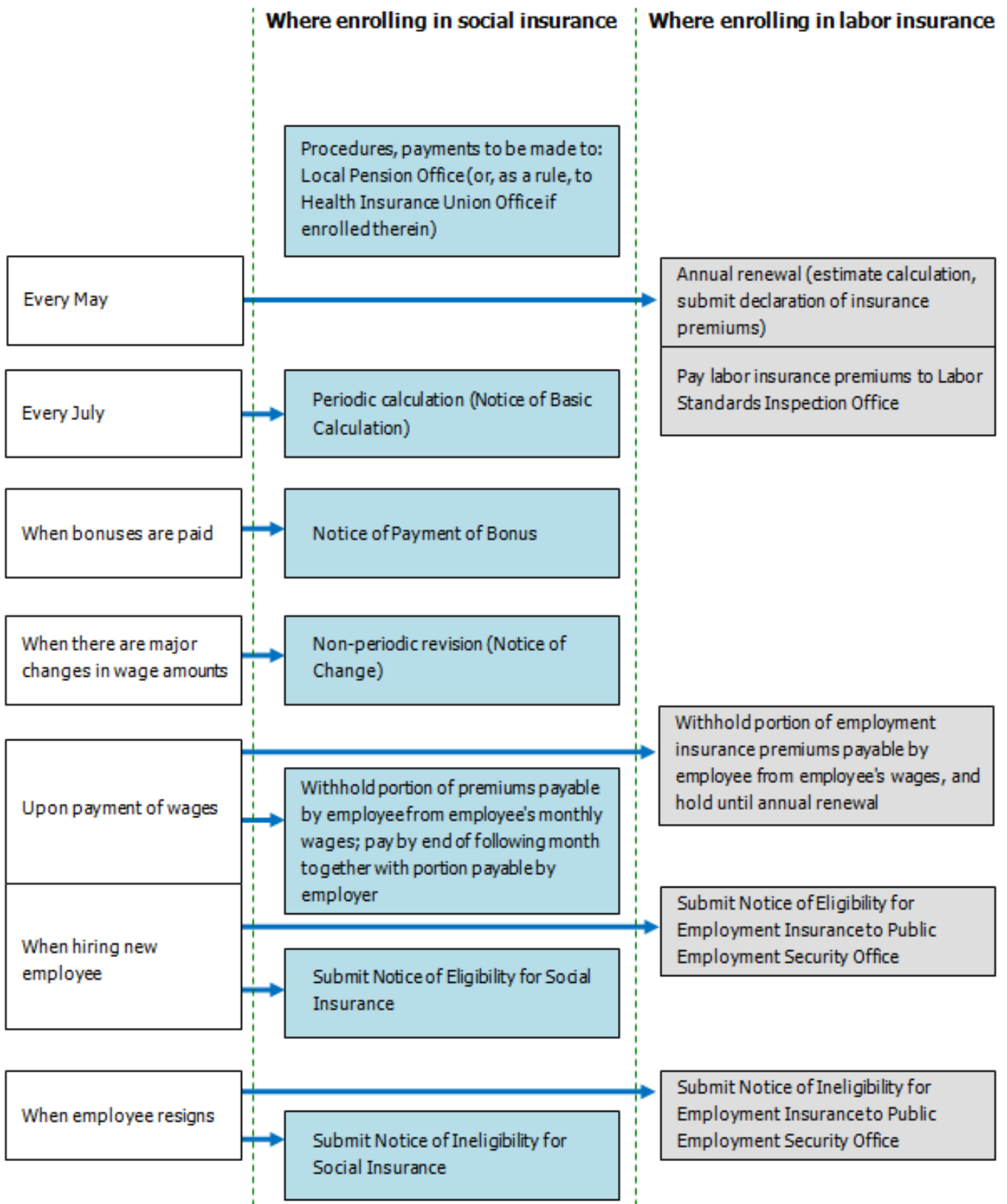
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Japan Social and Labor insurances procedures when Setting up a Branch or a Local co. & hiring staff



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**Japan Social and Labor insurances Annual procedures
&
ongoing procedural requirement under various type of situation**



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