

Closure of Branch Office in Japan and resignation of all Representatives in Japan

The below-mentioned procedures need to be conducted to close a legal Branch Office (legal-entity) of a foreign company in Japan.

Creditors of the Branch office to be closed must be given a public notice on Official Gazette, a period of no less than one month before the closure to submit objections (if any) for the Branch Office closure in Japan.

Basic Flow of procedures for "Closing" a Branch Office (legal entity) in Japan - Approx. Time frame

Decision re-closure of Branch Office and resignation of all Representatives in Japan by the foreign company
(Parent Co./Head Office)
\downarrow
Call for creditors re objections (if any) for Branch office closure, on an individual basis and also through an
official notice in the official gazette (mandatory), and to attend claims (if any) - (3~4 weeks)
$\downarrow \qquad \qquad$
Minimum of one month after giving official notice via official gazette (if no claim)
\downarrow
Notification by an attorney to tax authorities
\downarrow
Ascertain residual property (if any)
\downarrow
Branch office closure steps (at least one month after the closure notice as mentioned above)
\downarrow
To prepare Affidavit re the closure of branch office (entity) and the resignation of all Representatives in Japan.
[Soft copy draft will be sent to client] (1 week)
\downarrow
Attestation of the Affidavit at a Notary Public office in the home country (Client responsibility)
\downarrow
Application for the Branch Office closure with the Legal Affairs Bureau for registration of the closure (1 week)
\downarrow
Obtaining the closure registration certificate from the Legal Affairs Bureau

(approx. within 2 weeks after application for registration)

Final accounts, BSPL need to be prepared, and all taxes (in case of any dues and mandatory Inhabitant tax payment) need to be paid to close the branch in Japan and submit the final return.

Closing branch all corporate bank accounts in Japan.

Final Notification of Branch office closure to tax authorities, etc. [Tax office matters preparation & application] (2~3 weeks)

Completion of Registration of "Closing" Branch Office in Japan

Note: These procedures for closing a branch office must be completed when upgrading a Branch Office to a Subsidiary Co. Because a branch office cannot be directly reorganized into a joint-stock corporation (Kabushiki-Kaisha (K.K.) or a limited liability company (Godo-Kaisha (LLC). Branch office closure and the subsidiary company establishment procedures must be carried out simultaneously. However, in such instances, the branch office's assets may be passed on to the subsidiary through investment in kind.

The branch office must be closed officially in Japan when the parent co. (head office) decide to terminate the business operation in Japan.

The above-mentioned procedure approx time will take about 4(four) to 6(six) months or more, depending on the case and the client's response time. The above are for guidelines only!

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