



# JTAX | JAPAN OUTSOURCING GUIDE

**YOUR TRUSTED PARTNER  
in Japan**

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# PART I

# INTRODUCTION

**“JTAX Understands Your  
Requirements...”**

## ABOUT JTAX

JTAX is a member of the Accounting Asia Group, a leader in Asia focused professional services.

Tracing its roots to 2001, JTAX's team of Japanese and foreign professionals has assisted hundreds of foreign clients to establish and run their businesses in Japan. Our management is drawn from the Big 4 and has extensive experience responding to the requirements of clients ranging in size from listed multinationals to start-ups.

JTAX recognizes the practical difficulties associated with operating a business in Japan and our aim is to provide clients with one-stop assistance. Our team therefore provides a comprehensive range of services including tax advisory, tax compliance, incorporation, accounting, cash management / expense payment, payroll / HR, Japan resident nominee directors, and work visas. In addition to the convenience of dealing with a single service provider, JTAX ensures that its services are handled in a coordinated manner. For example, Japan work visas may be dependent on having a properly incorporated company and an appropriate tax structure, etc.

In addition to working directly with clients, JTAX is also able to assist foreign law firms and accounting firms whose clients require assistance in Japan.

Please **Contact Us** for more information about any of our services.



## **JTAX MANAGEMENT**

### **Dean Page – Administrative Partner**

Dean Page is JTAX’s administrative partner. He is a leading expert on Japanese and international tax and on doing business in Japan.

Dean worked for seven years in the Big 4, most recently as a partner at Ernst & Young (E&Y). At E&Y he served as the inbound account leader in which role he had responsibility for overseeing the delivery of services to E&Y Japan’s foreign clients.

At PricewaterhouseCoopers (“PwC”) Dean headed the Pathfinder Group, a team that specializes in assisting foreign clients to establish operations in Japan.

Since 2001, Dean has co-headed the International Tax Education Program (ITEP) and acted as an Adjunct Professor at the Beasley School of Law, Temple University, Japan Campus. He is the author of numerous articles related to Japanese and international tax.

Dean is admitted as both an attorney [England / Wales] and as a CPA [USA, California].





## JTAX SERVICES

JTAX recognizes the practical difficulties associated with operating a business in Japan and our aim is to provide clients with *one-stop assistance*. JTAX key services include

- Tax Consulting and Compliance
- Tax Services
- Accounting & Bookkeeping
- Bank Account Management & Expense Payment
- Payroll & HR
- Japan Work Visas
- Japan Incorporations
- Japan Nominee Directors
- Japan Registered Address & Virtual Office Solutions
- Due Diligence & Deal Integration Services
- Outsourcing Solutions including Finance, Tax, Accounting, and Payroll & HR
- Real Estate Advisory Services

Please **Contact Us** for more information about any of our services.



PART II

# OVERVIEW: JTAX JAPAN OUTSOURCING SERVICE

“JTAX Understands Your  
Requirements...”



## 1. What Is Outsourcing?

Outsourcing simply means that important basic functions associated with running a company in Japan (tax, accounting, payroll, etc.) are provided by a trusted third party.

The JTAX team has more than 20 years' experience providing outsourcing solutions to foreign companies doing business in Japan. Our clients have ranged from publicly listed companies to the Japan operations of foreign start-ups.

## 2. What Outsourcing Services Does JTAX Offer In Japan?

JTAX offers a full range of traditional and non-traditional **Japan Outsourcing Services**.

Our services can be scaled to meet the needs of companies with only one or two employees up to the Japan operations of publicly traded companies.

Our traditional Japan Outsourcing Services include:

- Tax Services: Including initial tax filings, corporate income tax returns, and consumption tax (VAT) returns.
- Finance Function: Accounting, Expense Payment / Bank Account Management.
- Payroll & HR.

JTAX is also able to offer several non-traditional outsourcing services including:

- Japan Nominee Directors
- Japan Work Visa

PART III of this Guide provides more details about each of the above.

### 3. Why Outsource In Japan?

In most cases, it makes sense for the Japan operations of foreign companies to outsource key functions rather than handle those functions in-house.

Key reason to outsource include:

- **Internal Control**

The Japan operations of foreign companies face critical internal control issues. Problems include:

- Differing time zones make it difficult to keep in regular contact with Japan based employees.
- Language difficulties, particularly with respect to source documents make oversight by the parent company very difficult.
- Where a local / employee director is used, that individual is deemed to have full authority to represent the company which makes fraud a real possibility if finance functions are handled in-house.

- **Technical Expertise**

Outsourcing to a professional firm provides comfort that the individuals handling the function have the required technical skill. In the current environment tax, accounting, and tax rules are changing on a regular basis.

- **Cost Effectiveness**

Outsourcing is generally far more cost-effective than trying to assemble a team of bilingual professionals to work in-house.



PART III

# IN DETAIL: JTAX JAPAN OUTSOURCING SERVICE

**“JTAX Understands Your  
Requirements...”**

# 1. Tax Outsourcing

## Introduction

JTAX provides comprehensive and cost-effective tax outsourcing solutions to foreign companies doing business in Japan.

Our work typically begins with consulting on important matters such as appropriate entity selection. We then move on to support your Japan operations with a full range of compliance services.

## Our key tax outsourcing services include:

- Initial tax consulting to help clients understand the consequences of establishing different types of entity in Japan.
- Handling the (time sensitive) initial corporate tax filings that are required following the establishment of an entity in Japan.
- Assistance in determining and maintaining an appropriate tax structure (cost-plus, buy-sell, etc.)
- Providing ongoing corporate tax consulting and compliance for Japanese entities. This includes Japanese corporate tax returns and VAT (Japanese consumption tax) returns.

Please [Contact Us](#) and we'd be happy to discuss your requirements.

## 2. Finance Function Outsourcing: Accounting, Bank Account Management, and Expense Payment

### Introduction

Our Japan Finance Function Outsourcing Service is a key service JTAX offers its clients. Its key components are

- Accounting,
- Bank Account Management, and
- Expense Payment.

By engaging JTAX to handle their Japan finance functions, our clients ensure that bills are paid on time, transactions are properly recorded for Japanese statutory purposes, and that foreign management receives timely reporting in a familiar format.

### Key Features of JTAX Japan Finance Function Outsourcing service include:

- Our Japanese professionals interface with your Japanese bank as required.
- JTAX pays invoices that your Japan entity receives from third parties.
- We transfer salary payments to employee bank accounts in Japan. JTAX can also handle calculation of payroll via our **Japan Payroll and HR Service**.
- We pay Japanese corporate taxes (both provisional and final) across to the Japanese tax authorities.
- We pay employee social insurance and labor insurance contributions to the relevant Japanese authorities.
- We monitor Japan bank account balances and make funding requests to cover upcoming expenditures.
- We provide monthly financial reporting to our clients in English using a format determined by the client.

- We maintain Japanese statutory accounts (in Japanese) to satisfy Japanese regulatory requirements (including attachment to the Japanese corporate tax return.)

Please **Contact Us** for more information about our Japan Finance Function Outsourcing Service.

## 3. Payroll & HR

### Introduction

JTAX is able to provide a comprehensive Japan Payroll & HR Service as part of its Japan Outsourcing Services.

Our qualified professionals can handle everything from initial consultations through to transferring net funds to employees' bank accounts each month.

### Key features of JTAX Japan Payroll & HR Service include:

- Establishment of Japan payroll for new companies in Japan including:
  - Registration for withholding tax.
  - Registration for social insurance.
  - Registration for labor insurance.
  
- Annual payroll reporting to the Japanese authorities including:
  - Annual withholding tax report.
  - Annual labor insurance report.
  - Annual social insurance report.
  - Year-end payroll adjustment.
  
- Monthly payroll processing including:
  - Remitting funds to each employee's bank account.
  - Providing a monthly payroll advice to each employee.
  - Transfer of deducted funds to the relevant Japanese authorities.
  - Undertaking procedures to add and remove employees from the Japan payroll.
  
- Payroll / HR consulting including:
  - Tax-efficient compensation of employees in Japan (both Japanese nationals and foreign expats).
  - Tax-efficient employment agreements.
  - Work rules.
  - Director compensation issues.

Please **Contact Us** and we'd be happy to discuss your requirements.

## 4. Japan Nominee Directors

### Introduction

JTAX is one of the few professional service organizations that is able to offer **Japan Nominee Director Services** as part of its Outsourcing Practice. JTAX provides qualified Japan resident individuals to act in the following roles:

- Japan Nominee Representative Directors for Kabushiki Kaisha (“KK”).
- Japan Nominee Executive Managers for Godo Kaisha (“GK”).
- Japan Nominee Branch Managers for the Japan Branches of foreign companies in Japan.
- Japan Nominee Japan Representatives for the Japan Representative Offices of foreign companies.

### Key benefits of using JTAX’s Japan Nominee Director Service Include:

- **Smoother Incorporation:** An experienced Japan resident nominee director will ensure a more smooth incorporation process.
- **Bank Accounts:** When a Japanese company does not have a local director, it may be impossible to establish / maintain a corporate bank account.
- **Internal Control:** The representative director of a Japanese company has nearly unlimited authority to bind the company. As a result, foreign companies are often reluctant to use a local employee in the Japan representative director role.
- **Corporate Tax Deductibility Issues:** Compensation structuring for directors is a problem in Japanese companies. In part, this is because performance bonuses are not deductible for Japanese corporate tax purposes. Using a nominee director (who receives no bonus payment) may address this problem.
- **Individual Tax Issues:** Expat employees can benefit from a reduction in their Japanese tax liability based upon business days spent outside Japan. However, this reduction is not available to directors. In addition, housing (an important benefit for expats and senior Japanese employees) is significantly less beneficial for directors.



- **Japanese Statutory Benefits:** Employees in Japan receive a range of important statutory benefits including Japanese Labor Insurance. However, Directors of Japanese companies are typically not eligible for enrolment in the Labor Insurance program.

**Contact Us** for more information about JTAX's Japan Nominee Director Service.

## 5. Japan Work Visas

### Introduction

JTAX Japan Work Visa Service allows foreign companies to outsource the work associated with bringing foreign employees to Japan on either temporary or long term assignments.

Outsourcing shifts the administrative burden of preparing work visa applications to our experienced team of immigration professionals and leads to greater certainty of results.

### Key features of JTAX's Japan Work Visa Service include:

- Early planning assistance. JTAX can advise on critical pre-application issues in order to put the Japan entity in good condition to submit Japan work visa applications. This includes advice on matters such as the level of paid in capital. Ideally early planning assistance from JTAX is provided as part of the incorporation process.
- Assessment of the proposed applicant's proposed activities, qualifications, and experience in order to determine the likelihood of a Japan work visa being granted.
- Submitting Certificate of Eligibility ("COE") applications. A COE is a document issued by the Japanese immigration authorities which certifies an applicant's eligibility to undertake a category of employment in Japan. COE applications must be submitted in person at a regional immigration office in Japan.
- Converting approved COE's to a work visa via a change of status in Japan or via a Japanese embassy / consul outside Japan.
- Advising on post-arrival Issues. Once a Japan work visa has been granted, JTAX can also assist with critical post-arrival issues including taxes and obtaining a Japanese residence card.

**Contact Us** for more information about JTAX Japan Work Visa Service.

# JTAX

JAPAN TAX GROUP

To learn more about how JTAX can help your company succeed in Japan, please contact one of our Japan-based professionals.

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