

Japan

Fixed Term Contracts

In Japan, fixed-term employment contracts are generally limited to three years, except for workers with a high level of expertise and workers aged 60 years or older, can have contracts up to five years. Worker's employment contract with at least five years of service can be considered indefinite workers upon the expiration of their fixed-term contracts. A fixed-term contract that exceed five years in total can be converted to a contract of employment without a definite period if requested by the worker.

Probationary Periods

Due to the concept of 'lifetime employment' in Japan and the corresponding difficulties in terminating contracts, probationary periods are often used. The employment can be subject to a three-month probationary period and the company can retain the right to extend the period for an additional three months if it has a justifiable basis for doing so.

Holidays

In Japan, Workers recognize 16 public holidays. Employers are not required to grant paid leave for public holidays. If a worker is required to work on a public holiday, they are entitled to a premium of 135% of the worker's salary.

Vacation

After six months of service with adequate attendance, Workers are entitled to 10 days of vacation. For each subsequent 12 continuous months of employment, Workers are entitled to an additional day of paid leave up to a maximum of 20 days. Unused leave expires after two years and not required to be paid out during termination.

Sick Leave

Japan does not mandate paid sick leave.

Working Hours

Regular workweeks in Japan are eight hours per day and 40 hours per week. Workers who work 6 hours in a day must receive no less than a 45-minute break, and for 8-hours or more the break time must be one hour.

Overtime

Overtime is considered any work in excess of regular hours. The limit for overtime is 15 hours a week, 45 hours a month and no more than 360 hours in a year. A Worker cannot be required to work overtime unless it has been contracted to. If contracted to, overtime is generally paid at 125% of the Worker's salary. There can also be premiums due for late-night work (between 10:00 p.m. and 5:00 a.m.), work on a rest day, among others, which can go up to 175% of a Worker's salary.

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Mandatory Bonuses

Bonuses in Japan are not mandatory however it is customary to pay a 13th month or 14th month salary as a summer bonus or winter bonus paid in June or December respectively.

Termination

The employment contract must specify the grounds for termination for cause, which may include, for example, poor attendance, poor performance, incompetency, violation of policy, etc. If there is cause for termination, 30 days' notice is required to be provided to the Worker but can be issued pay in lieu of notice. A worker is entitled to 30 days' notice as long as they have been working for 14 days or longer, even if they are still in the probationary period. Termination without notice or pay in lieu can only be done in cases of serious misconduct with prior approval from the Labour Standards Bureau.

Resignation

In the event a worker wishes to resign, they must provide the employer with 2 weeks' notice of their resignation.

Mandatory Employer Costs

Workers' Accident Compensation 0.25-8.8%

Family Allowance 0.36%

Unemployment Insurance 0.95%

Health Insurance 5-6.57%

Nursing Care Insurance 0.91%

Employees' Pension Insurance; 9.15%

Total: 16.62-26.74%