

What is the basis of premium wage ?

An employer is obliged to pay premium wages at the rate greater than or equal to a certain percentage

An employer is obliged to pay the premium wage calculated at a rate greater than or equal to the multiplier specified by law when workers are allowed to do overtime, holiday work or late night work. (Labor Standard Act Article 37-4, 37-1)

The premium wage percentage	Over time work	More than 25% (More than 50% of overtime work over 60 hours per month)
	Holiday work	More than 35%
	Night work	More than 25%

The premium wages shall be calculated as follows

The increment amount = $\boxed{\text{Wages per hour}} \times \text{The number of hours worked Overtime, on holidays or at midnight} \times \text{The premium wage percentage}$

- ✧ For the time being, the application of small and medium-sized enterprises will be suspended.
- ✧ When overtime is at midnight (22:00-05:00), more than 50%. When holiday work is at midnight, more than 60% (35%+25%) of premium wage must be paid.
- ✧ The hourly rate is calculated as follows for the monthly salary system.

What can be excluded from the wages on which the premium wage is based

The basis of the premium wage is the hourly wage paid for the work for a given working hour. For example, in case of the monthly salary system, the monthly salary including all various allowances is divided by the prescribed hours of work for one month to calculate the hourly wage. In this case, the following ~ are less directly related to labor and are provided on a personal basis, therefore, it can be excluded from the underlying wages.

- Family allowance
- Commuting allowance
- Separate allowance
- Children's education allowance
- Housing allowance
- The wages paid in an ad hoc way
- The wages paid for each period that is greater than one month

~ is listed in a limited manner, not an example. All wages that do not fall under these terms must be included.

With respect to benefits of ~, it is not possible to exclude all benefits of such name from the underlying wages. Please see back for more details.

Specific scope of benefits that can be excluded

In terms of ~ allowances on the surface, it is not possible to exclude all such benefits from the wages that underlie the premium wages.
The specific range of allowances that can be excluded for family, commuting and housing allowance is shown in the table below

Family Allowance		
Family allowances that can be excluded from the basis of surcharges are allowances calculated based on the number of dependents or the family allowances based on them.		
Concrete Example	Example that can be excluded	To be given to workers with dependents according to the number of family members. (Ex.) When a dependent worker is given a spouse of ¥10,000 per month and other family members of ¥5,000 per month, per family member
	Example that can NOT be excluded	The provision is uniformly made regardless of whether or not there are dependents or the number of family members. (Ex.) A uniform monthly payment of ¥5,000 is given, regardless of the number of dependent people.
Commuting Allowance		
Commuting allowance, which can be excluded from the basis of premium wages, is an allowance calculated according to the commuting distance or actual cost of commuting.		
Concrete Example	Example that can be excluded	The payment based on the cost of commuting. (Ex.) The payment is based on the amount of the six-month ticket
	Example that can NOT be excluded	The provision is uniformly made regardless of whether or not there are dependents or the number of family members. (Ex.) Pay ¥300 a day regardless of the actual commuting distance.
Housing Allowance		
A housing allowance that can be excluded from the basis of a premium wage is an allowance calculated according to the cost of the house.		
Concrete Example	Example that can be excluded	The amount to be paid is the cost of housing multiplied by the fixed rate. (Ex.) A certain percentage of rent for residential rental residents or a fixed percentage of the monthly loan is paid to homeowners.
	Example that can NOT be excluded	A flat amount of payment for each type of residential form (Ex.) ¥20,000 For Rental residential residents or ¥10,000 for homeowners.

◆ If you have any questions, please contact your local prefectural Labor Office or Labor Standards inspection office

