

**POINT 8 Dismissal · Retirement**

When an employer is compelled to dismiss an employee, **not less than 30 days prior notice or honor a severance package is indispensable.** (Severance package amount is average wage of at least 30 working days) (LSA article 20)

An employer is banned to dismiss an employee during the down period caused by injury or sickness at work or Maternity leave taken in accordance with statutory entitlement and 30 days subsequent.

Dismissal become null and void under the non-objective and logical reason based upon social convention.

**POINT 9 Rules of Employment**

An employer who continuously employs 10 or more workers shall draw up rules of employment and shall report the document and written opinion to the relevant government agency as well as the case when rules of employment has changed. The employer shall make public the rules of employment to workers by posting the same at an appropriate place or otherwise so that the documents will be accessible by the workers.

Contents of Rules of Employment that **MUST** be clearly indicated

- Matters related to start/finish time of work, rest period, days off.
- Wages (Amount of wages, method of Calculation and payment, pay day, etc.)
- Matters related to retirement. (includes reasons of dismissal)

The model of Rules of Employment is referable on the HP of MHLW

Contents of other Rules of Employment that should be clearly indicated when specified

- Matters related to retirement allowance
- Matters related to bonus
- Expenses for food, equipment for work etc. to be accrued by workers.
- Matters concerning safety and hygiene at the work place
- Vocational training
- Compensation for industrial accidents
- Commendation and sanctions
- Matters related to absence from work

**Basic knowledge of other applicable laws and regulations**

- **Perceive the state of working hours**  
An employer must perceive the state of each workers' working hours in an objective and appropriate way such as recording timecard or workers' Log in/out time of computer/ other electronic computational machine. (Industrial Safety and Health Act, article 66, 8-3)
- **Physical checkups**  
An employer is obliged to provide workers with physical checkups when hiring and then once a year at periodic intervals. (Industrial Safety and Health Act, article 66)
- **Industry injury insurance · Employment insurance**  
An employer is required by law to obtain Labor insurance (Industry injury insurance/Employment insurance) when hiring even a single employee.

Work-related disaster or accident occurred on one's way to work won't be covered by Health Insurance but by Industrial Injury Insurance.

# Fundamental Knowledge of Labor Standard Act

It's critically important for employers / employees to have knowledge of the regulations and rules established by Labor Standard Act (LSA). The rules are set to be applied by any type of workers. (Full-timer, Part-timer, Daily-labor, etc.) This leaflet will give you the fundamental knowledge regarding Labor Standard Act.

**Point 1 Clear Indication of Working Conditions (Article 15)**

When hiring workers, and employer is required to clearly indicate the following matters concerning working conditions. (Labor Standard Act Article 5-1, Ordinance for Enforcement of the Labor Standards Act Article 5)

Contents of working conditions that should be clearly indicated

- Should be issued in writing\*
- Period of the labor contract
- Standards for renewing labor contracts with a fixed term
- Workplace and content of work in which workers are to be engaged
- Working hours (Starting/finishing times, Break times, days off, leave, etc.)
- Wages (Amount of wages, method of Calculation and payment, pay day, etc.)
- Matters related to retirement (includes Reasons of dismissal)
- Matters related to promotions

Contents of other working conditions that should be clearly indicated if specified

- Matters related to retirement allowance
- Matters related to bonus
- Expenses for food, equipment for work etc. to be accrued by workers.
- Matters concerning safety and hygiene at the work place
- Vocational training
- Compensation for industrial accidents
- Commendation and sanctions
- Matters related to absence from work

\*Employers are required to indicate those contents in writing. This can be via FAX, Email, SNS etc. according to the worker's preferences as long as it's printable.

The model of "Notification letter of Condition of Employment" is available to refer on the official HP of Ministry of Health, Labor and Welfare (MHLW)

**Point 2 Payment of Wages**

Wages must be paid in currency, directly to the workers in full at least once a month and on a definite date. Even under the agreement between employers and workers, the pay rates must NOT be under the minimum wage. (Minimum Wage Act Article 4)

Pay in currency	Wages must be paid in currency, not in kind. Bank transfer to a financial institution account is permitted.
Pay in person	The wage must be paid directly to the workers. (Family members, deputies etc. are not acceptable)
Pay full amount	Wage have to be paid in full amount, except for deduction of income tax or others stated under the labor-management agreement
Pay every month	Payment of wage have to be done at least once a month.
Pay on definite date	The date of payment has to be define. ( e.g. 15 <sup>th</sup> of every month)



### Point 3 Working hours and Days off

In principal, an employer shall NOT have a worker work for more than **40 hours per week or more than 8 hours per day**. (Commercial service operated by less than 10 workers, movie or theater industry, health service industry, entertainment and hospitality industry = up to 44 hours per week. ( 1 )(Labor Standard Act article 32 & 40)

An employer shall provide workers with **at least one day off per week or 4 or more days off during a four-week period**.

( **Article 35** ) . In the event that an employer has legally concluded a Labor-Management Agreement relating to Overtime work and Work on Days Off (hereinafter "Agreement 36 ") ( 2 ) with the majority of its employees to engage in overtime work and work on days off within the scope of the agreement.

1. In case of employ irregular working hour system, this rule is not always so.
2. Aareement in writina must be submitted by Maiority of Labor Union or the delegate of maiority of labors.

#### ➤ Upper limit of Overtime working hours and Work on Holidays

In principal, the number of working hours which can be extended under Agreement 36 is up to **45 hours per month and 360 hours per year** (in the case of one-year variable working hour system in which the period in question is over 3 months, up to 42 hours per month and 320 hours per year).

As an exception, it is possible to exceed the standards in the event that special circumstances necessitate this on a temporary basis. However, in such situation, employers must abide by the following limits.

- **The number of overtime working hours per year is within 720 hours**
- **In a single month, the total number of hours when totaling up overtime and work on days off is less than 100 hours**
- **The average number of hours per month when totaling up the number of hours of overtime and work on days off during the period of the preceding 2 months, 3 months, 4 months, 5 months and 6 months is within 80 hours**

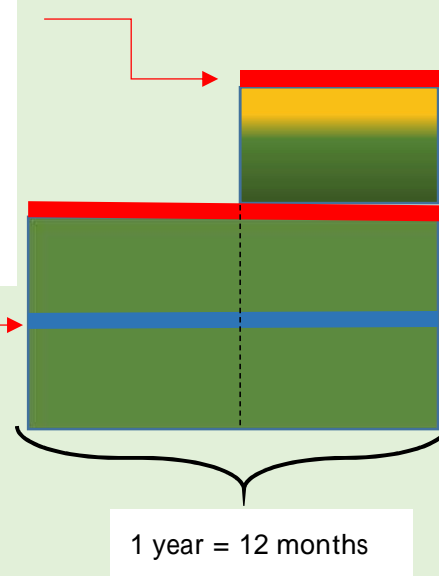
#### The image of overtime working cap

**Upper limit set under law (Special clause/up to 6 months per year)**

- ✓ 720 hours per year
- ✓ Average 80 hours per multiple months \*
- ✓ Within 100 hours per month\*  
\*includes work on a holiday

**Legally mandated working hours**

- ✓ 8 hours per day
- ✓ 40 hours per week



◆ Construction industry/Works involving the driving automobiles /Doctors/Sugar manufacturer of Kagoshima & Okinawa etc. are temporarily exempt from applicability for a period of 5 years. **Until March 31<sup>st</sup>, 2024**

◆ Work in the field of research and development of new products etc. is exempt from applicability

**Upper limit set under the law (Principal of maximum working hours)**

- ✓ 45 hours per month
- ✓ 360 hours per year

### POINT 4 Rest period

An employer shall provide workers with 45 minutes of rest period during more than 6 working hours, and 1 hour during more than 8 working hours. (Labor Standards Act article 34)

### POINT 5 Increased Wages

In case an employer requires a worker to work over time, at night (10:00pm to 5:00am) or on a statutory day off, the employer must pay the worker an increased wage in accordance with the following increase rate.

#### ➤ Calculation formula of increased wages

$$\text{Increased wage} = \text{Wage per hour} \times \text{Extra pay rate} \times \text{Hours of Overtime Work}$$

The rate of increased wages for work exceeding 60 hours per month is 50%. This will also apply to medium and small enterprises from April 2023.

<b>Over time work</b>	<b>Rate of at least 25%</b>
<b>Work on statutory day off</b>	<b>Rate of at least 25%</b>
<b>Night work</b>	<b>Rate of at least 35%</b>

### POINT 6 Annual Paid leave (Article 39, Article 136)

An employer shall grant paid leave to workers who have been employed continuously for 6 months calculated from the day of their being hired and who have reported for work on at least 80 percent of the total working days. An employer has a legal obligation to grant 5 days annual paid leave for an employee who is eligible to receive more than 10 days of annual paid leave. (Article 39)

#### ➤ General workers (workers with 5 or more prescribed working days per week or 30 or more prescribed working hours per week)

No. of years of continual employment	0.5	1.5	2.5	3.5	5.5	6.5 and above
No. of days granted	10	11	12	14	16	18

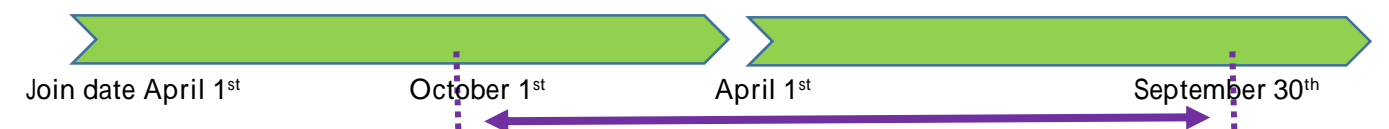
#### ➤ Workers with fewer than 30 prescribed working hours per week

Number of prescribed working days per week	Number of prescribed working days per year	Number of years of continual employment						
		0.5	1.5	2.5	3.5	4.5	5.5	6.5 and above
4 days	169-216 days	7	8	9	10	12	13	15
3 days	121-168 days	5	6	6	8	9	10	11
2 days	73-120 days	3	4	4	5	6	6	7
1 day	48-72 days	1	2	2	2	3	3	3

#### ➤ Example chart of Annual Paid Leave

Case : The date of joining a company : April 1<sup>st</sup>

10 days granted (reference date)



The date of paid leave have to be designated for 5 days within 1 year. (Oct1st ~ following Sep 30<sup>th</sup>)