

4. Comparison Table of Cases of Foreign Corporations coming to Japan

Name	Representative Office	Branch in Japan	Japanese company (subsidiary company)
Name	no restriction	same as the head company	no restriction
Legal Person status	no	yes	yes
Registration	no	yes	yes
Articles of Incorporation	no (employees business activities will be in accordance with that of head company)	no (branch business activities will be in accordance with that of head company)	yes (as its own Articles of Incorporation)
Capital	no	no	from 1 yen
Rights and Duties	the representative will bear responsibility, if a contract is concluded in his/her name	the head company in originated country will bear responsibility	the Japanese company will bear responsibility
Business Activities	not allowed, except: data collection, advertisement, market research, purchase and storage of goods	allowed	allowed
Decision Making	Conform with the head company in the originated country	Conform with the head company in the originated country	Decided by the Japanese company (subsidiary company)
Lawsuit	In general, office representative will be responsible, but there are exception depends on details.	The head company in originated country will be responsible	In general, the head company in originated country will not be responsible
Representative's visa	Intra-company transferee *Business manager visa in some cases	Intra-company transferee *Business manager visa in some cases	Business manager visa
Corporate Bank Account	Not allowed; however, opening an individual account adding trade name might be able in some banks. *trade name means company name or office name. Opening an account as [trade name+representative] is possible, but please be aware as there are some cases that are not allowed.	Allowed	Allowed
Remittance to the Originated Country	No problem	Profits remitted to the originated country, in general, will not be taxed.	Profits of the Japanese company remitted to the originated country will be subjected to 20% tax, but the rate could be lowered depends on taxation agreement.
Fiscal Year	Conform with the head company in the originated country	Conform with the head company in the originated country	Decided by the Japanese company (subsidiary company)

<p>Tax Declaration and Financial Statement</p>	<p>Since expenses are included in the head company's account book, journalization will be carried out under accounting regulations of the originated country.</p>	<p>Subject to corporate tax, resident tax and business tax *1.However, there is an exceptional system that allows paid Japanese corporate tax to be deducted from corporate tax of the originated country (foreign tax deduction) *2.Foreign corporate's (Japan branch) international tax duty is very complicated. Please consult with a specialist for</p>	<p>Income from everywhere will be taxed. Japanese company (subsidiary company)'s statement will be included in the overseas company(head company)'s account settlement book. *With exceptional cases</p>
<p>Aggregation of Profit and Loss/Deferred Deduction for Losses</p>	<p>Allowed in principle (the loss can be offsetted with the profit of the head company)</p>	<p>Allowed (Profit and loss can be managed with the income of the head office)</p>	<p>Not allowed (Accounting process is completed at the Japanese company, therefore, setoff with the head foreign company is not allowed) It is same for deferred deduction of losses.</p>
<p>Social Insurance</p>	<p>Optional, but must enroll, in case of 5 or more employees</p>	<p>Must</p>	<p>Must</p>
<p>Worker's Accident Insurance</p>	<p>Must</p>	<p>Must The representative can not</p>	<p>Must The representative can not</p>
<p>Employment Insurance</p>	<p>Must</p>	<p>Must The representative can not</p>	<p>Must The representative can not</p>