



# **SBC Group**

**Sumida Brokers & Consulting K.K.**

**Naoko Sumida Accounting Office**

**SBC G.K.**

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# **BUSINESS OPTIONS IN JAPAN**

IJCC – 20th February 2019

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# WHY INCORPORATE?

Limited Liability

Credibility

Visibility

Control of Finances (including taxation)

Distribution of Wealth

Platform for Growth

Realise the Big Picture

# WHY NOT INCORPORATE?

What's mine is mine!

Doesn't cost anything!

With no company there are effectively no fixed business costs

Simple & Nimble

I do not need to earn a lot of money.

# QUESTIONS TO ASK YOURSELF?

How long do I plan to be in Japan?

What does my Business Plan include for the next 5 years?

- Staffing
- Revenue
- Growth

Do I know the full costs annually, even if the Company is dormant?

Am I aware of the full implications for liquidating the Company?

Do your customers / counter parties dictate a structure to use?

# **BUSINESS OPTIONS IN JAPAN TO BE CONSIDERED TODAY**



**KOJIN**

**GODO KAISHA (G.K.)**

**KABUSHIKI KAISHA (K.K.)**

# KOJIN

- Simple
- Cheap
- Effective

- Trade under a commercial name
- Deduct focused business expenses
- Apportion some rent and utilities (but not mortgage)
- Employ another person

- No limited LIABILITY
- Income is all the individuals
- Difficult to set up with partners
- Individual tax rate 45%

- Can't deduct non business related expenses
- Can't set up corporate Retirement Allowance
- Can't utilize Legal Rent

# Godo Kaisha

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# Kabushiki Kaisha

(Same treatment for Tax & Social & Labour Insurances)

- Owned & Managed by “investors”
- Needs at least one investor
- No need to publish financial statements
- Distribution is not tied to investment %
- No need to reregister directors every 2 years

- Limited Company by shares
- Shareholders and Management are separated
- Need at least one shareholder and a Rep Director
- Need to publish financial statement
- Distribution is tied to shareholding



# Simple Steps

## Before Incorporation



- Select the Registered Address
- Select the Representative Director
- Prepare the Articles of Incorporation (teikan)
- Notarisation of Articles
- Prepare the Capital Amount
- Prepare the documents for Company Registration
- Register the Company with the Legal Affairs Bureau

## After Incorporation



- Open the Company bank account
- Make the Company contracts
- Initial Tax Filing
- Register for Social & Labour Insurance

# Kojin / Company Example

Individual tax (Salary income)	
Salary income	34,000,000
Salary deduction	2,200,000
Net income	31,800,000
Self deduction	380,000
Taxable income	31,420,000
National income tax (40%)	9,772,000
Special construction tax (2.1%)	205,212
Total national tax	9,977,200
Local tax (10%)	3,142,000
<b>Total tax due</b>	<b>13,119,200</b>

Corporate tax (Sales)	
Sales	34,000,000
Business expenses	26,780,000
Net income	7,220,000
Taxable income	7,220,000
Corporate tax (30%)	2,166,000
National tax on salary	1,093,000
Local tax on salary	744,500
<b>Total tax due</b>	<b>4,003,000</b>

<i>Travel</i>	¥1,000,000
<i>Telephone</i>	¥100,000
<i>Entertainment</i>	¥3,000,000
<i>Insurance</i>	¥3,600,000
<i>Depreciation</i>	¥1,500,000
<i>Salary</i>	¥10,000,000
<i>Rent</i>	¥3,780,000
<i>Office supplies</i>	¥1,200,000
<i>Professional fees</i>	¥2,500,000
<i>Miscellaneous expense</i>	¥100,000
<b>Total Business Expense</b>	<b>¥26,780,000</b>

# QUICK CASE STUDIES

COMPANY SALE - ¥ 4 Billion (K.K.)

COMPANY SALE - ¥2 Million (K.K.)

COMPANY LIQUIDATION - ¥2 Million (G.K.)

RETIREMENT ALLOWANCE ¥700 Million

SET UP COSTS ¥30M – Poor professional advice

## ➤ **CONTACT INFO**

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