

# Representative Office Starting a Business in Japan

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## What is a Representative Office (Chuzaiinjimusho)?

Representative offices generally serve as a preliminary stage for starting a business in Japan, as their main application is limited to the gathering of information, market research and marketing oriented tasks as well as the buying and holding of goods. In terms of liability, the foreign parent company or the locally appointed representative is liable for the representative office to full extent.

## Formalities to be taken into account

An official registration is not necessary but the following formalities are to be taken into account:

### Following is required as a proof of existence:

- A Japanese address
- A local gas or electricity bill
- A letter of intent from the parent company

### Tasks for the local representative:

- Contacting the Local Ward Office
- Registering with social insurance
- Paying taxes that might arise due to his personal function (e.g. income tax)
- Opening a bank account under his own name as the representative office has no legal authority

## Further important points

- Due to the representative office not being a recognised legal entity, there are no capital requirements for it to operate.
- Because of the limited capability of the representative office (sales restrictions), no corporate tax accumulates.
- Representative offices founded by financial institutions (banks, insurance companies and securities firms) are required to inform the local financial supervision authority before their establishment.

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