

# Japan Tax & Legal Inbound Newsletter

GES Tax Alerts – Japan: Increased Compliance Focus on Japanese social insurance contributions for foreign nationals

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## Overview

Recent pronouncements from the Japanese government indicate an increased focus on ensuring that foreign nationals are making the required contributions to Japanese social insurance (as applicable).

Furthermore, the Japanese government has also indicated that beginning from 1 June 2027 up-to-date payment of Japanese social insurance contributions will be considered as part of the process for visa renewals.

## Background

An individual who is registered as a resident in Japan and holds a resident status that allows for a period of stay in Japan for more than 90 days has an obligation to participate in the Japanese social insurance system. This covers the following elements:

- Pension insurance
- Health insurance
- Nursing care insurance (where the individual is over the age of 39)
- Labor insurance – various elements including Employment Insurance

Employers who maintain a payroll register in Japan and make payments to their employees (both foreign nationals and Japanese nationals) have, in most cases, a legal requirement to enroll their employees in Japanese social insurance and deduct contribution amounts from their employee's payroll.

Individuals who are not paid through a Japanese payroll have a personal obligation to register and enroll in the Japanese social insurance system. This registration and enrolment requirement often poses problems for foreign nationals as some foreign nationals may through lack of understanding of the requirements inadvertently not register and therefore not be making required contributions to Japanese social insurance.

Notwithstanding the above requirements, an individual may be exempt from Japanese social insurance, in part or in whole, based on a Certificate of Coverage (“CoC”) issued under a social security agreement that Japan has entered into. A CoC requires the individual to continue to contribute to the social security system in their home country and provides exemption (partial or in full) from the need to contribute to the Japanese social insurance system.

It should be noted that even where a CoC is obtained, each agreement is different and so the agreement should be reviewed to confirm which items of Japanese social insurance it provides exemption from. For those Japanese social insurance item(s) not exempted by the CoC, the individual still needs to make these contributions.

Please note that simply having a CoC is not sufficient and a copy of the CoC should be presented to the appropriate authorities in Japan so that they can update their records accordingly.

Finally, the Japanese social insurance system is administered by a social security bureau/office in each municipality, and we do note differences in how the rules are applied based on location.

## What are the proposed changes and recent activity we have been seeing

In advance of the immigration visa changes proposed to be effective 1 June 2027, we have seen increased activity by some local social security offices to confirm if foreign nationals are correctly enrolled in Japanese social insurance and, where not, requesting contributions. Certain jurisdictions have been auto-enrolling foreign nationals for social insurance payments if they have not been registered in the system within a month or two from arrival in Japan.

Additionally, if there is a delay in obtaining a CoC, we have seen certain jurisdictions seek payment for the outstanding social insurance amounts before the CoC has been obtained.

Additionally, from April 2026, the Japanese government plans to allow municipalities at their discretion, to introduce a system under which individuals moving to Japan from overseas — including Japanese nationals — may be required to pay up to one year's worth of insurance premiums in advance in a lump sum.

## Deloitte's view

The increased focus on timely compliance by the Japanese government will provide challenges especially for employers transferring employees to Japan:

- **Monitoring of contributions:** More robust monitoring systems will be needed to ensure that foreign employees are making the required contributions to Japanese social insurance, especially where the individual needs to do this directly. This is needed to ensure no issues arise on visa renewal.
- **Tracking of CoC applications and renewals:** Where a CoC can be obtained to exempt employees (and at times their family members) from certain item(s) of Japanese social insurance, the CoCs will need to be applied for and provided to the Japanese social insurance offices in a timely manner. Further renewals/extensions will need to be tracked and applied for in a timely manner. Prepayments of some social insurance amounts may be warranted where there is a delay in obtaining a CoC, although this will require the employee to make an application to refund the Japanese social insurance paid once the COC is obtained.
- **Tracking of and payment of Japanese social insurance item(s) not covered by the CoC:** Additionally, detailed monitoring of what Japanese social insurance item(s) are covered by the CoC is needed to ensure that payments are made for those Japanese social insurance item(s) not covered by the CoC

Considering these developments, employers sending staff to Japan should:

- **Review and update their systems for monitoring CoC applications for individuals coming to Japan** to ensure that individuals hold the correct and up to date documentation to exempt them from Japanese social insurance element(s).
- **Work with their employees** to ensure compliance with contributions to Japanese social insurance to help with future visa renewals and applications.

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