

Social Insurance Consulting Firm EOS
Firm News
Revision of Labor Standards Law
(To be enforced as from April 1, 2010)

The premium wage rate for overtime will be increased:

The premium wage rate for overtime of more than 60 hours a month will be increased from an existing rate of 25% to 50%. (Changing the rules of employment will be required.)

ATTENTION

* The Company may grant compensatory days off in lieu of the increase in premium wage rate of 25% by concluding a labor-management agreement and changing the rules of employment.

* Small-and-medium-sized enterprises (SMEs) are expected to be granted an extension of the enforcement of the revision for a certain period, but the government may take this opportunity to enhance its administrative guidance three years later.

The Company will have to strive for increasing the premium wage rate:

When the Company concludes a labor-management agreement containing the special provision, the premium wage rate for overtime of more than 45 hours a month will have to be specified. In addition, the Company must strive for increasing the aforementioned rate over 25%. (Changing the rules of employment will be required.)

ATTENTION

* The Company will be likely to be involved in negotiation of increasing the premium wage rate in the course of conclusion of a labor-management agreement containing the special provision.

* It seems likely that Labor Standards Supervision Office will tightly investigate the labor-management agreement with the revision of Labor Standards Law.

Awarding annual paid leave by the hour:

The Company may award annual paid leave, within five days per year, by the hour in accordance with a labor-management agreement. (Changing the rules of employment will be required.)

ATTENTION

* USGAAP and IFRS require companies to account for allowance for unused portion of employees' annual paid leave entitlement, and Japanese accounting standards are converging into them. Hereafter it is highly likely that companies must increase the percentage of workers taking annual paid leave in Japan. This measure must be effectual to that aim.

For future correspondence or any other queries, please contact us by email.

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