Workforce Management Newsletter

January 2025

In brief

The Ministry of Health, Labour and Welfare (the 'MHLW') has published Q&As on amendments to the Child Care and Family Care Leave Act (the 'Leave Act') that will come into effect in stages from 1 April 2025. The Q&As outline specific measures that employers will be required to undertake as a result of the amendments.

In addition to the Q&As, this newsletter also discusses:

- Establishment of consultation counters where freelancers can obtain advice if they feel that contracting companies may have violated requirements of the Labour Standards Act
- Revised benefit rates applicable to continuously employed senior workers
- Availability of 'separation notice' via Mynaportal account

In detail

1. Q&As covering the 2024 Amendments to the Leave Act

The MHLW has published a document entitled 'Q&As on the 2024 Amendments to the Child Care and Family Care Leave Act' that covers amendments to the Leave Act that will come into effect in stages beginning on 1 April 2025, as discussed in the May 2024 issue. In addition, the MHLW has created a dedicated webpage on its website to provide materials regarding the amendments.

Note that these amendments include measures that may require revision of company work rules. We recommend that you check the sample work rules that are provided on the dedicated webpage.

For details of the 'Q&As on the 2024 Amendments to the Leave Act', please visit the following webpages of the MHLW:

- Q&As on the 2024 Amendments to the Child Care and Family Care Leave Act (as of 23 January 2025): https://www.mhlw.go.jp/content/11900000/001383031.pdf
- Dedicated webpage:
 https://jsite.mhlw.go.jp/tokyo-roudoukyoku/ikukai0611 00008.html
- Leaflet: https://www.mhlw.go.jp/content/11900000/001259367.pdf

2. Establishment of consultation counters where freelancers can obtain advice if they feel that contracting companies may have violated requirements of the Labour Standards Act

In the <u>July 2024 issue</u>, we discussed implementation of the 'Act on the Improvement of Transactions Pertaining to Specified Entrusted Business Operators' (the Act on the Improvement of Transactions between Freelancers and Business Operators). In conjunction with implementation of this Act, the MHLW has set up consultation counters at Labour Standards Inspection Offices across Japan with the aim of improving the work environment for people who are contracted as freelancers (i.e. specified entrusted business operators, see Note 1) but who in reality work in a way that qualifies them as employed workers.



In recent years, it has been pointed out that some freelancers are nominally treated as self-employed individuals and do not receive the protections that should be provided to employed workers under the Labour Standards Act, even though their working conditions actually qualify them as employed workers as defined under the Act. The MHLW has set up the consultation counters to address this issue. In addition, the MHLW has published reference material that summarises recent judicial precedents involving the determination of whether a freelancer has the characteristics of an employed worker under the Labour Standards Act so as to provide specific criteria for such determination.

We recommend that companies or other business operators outsourcing work to freelancers (i.e. contracting business operators, see Note 2) also check the materials linked below, as such companies should ensure that they are not treating their contracted freelancers as employed workers for purposes of the Labour Standards Act.

(Note 1) The term 'specified entrusted business operator(s)' refers to business operators who are entrusted with outsourced work and who do not hire employees, as defined in the Act on the Improvement of Transactions Pertaining to Specified Entrusted Business Operators (the Act on the Improvement of Transactions between Freelancers and Business operators).

(Note 2) The term 'contracting business operator(s)' refers to business operators that outsource work.

- (1) Criteria for determining whether a freelancer has the characteristics of an employed worker The determination is made based on the following two criteria ('criteria for being a subordinate employee', see Note 3):
 - (i) Whether the work is performed under the direction and supervision of another person, i.e., whether the worker provides labour services in a subordinate position to another person
 - (ii) Whether remuneration is paid in exchange for the 'work under the direction and supervision' of another person

(Note 3) Whether or not a freelancer is deemed to meet the 'criteria for being a subordinate employee' is determined on a case-by-case basis, considering the contract details, the form of provision of labour services, remuneration and other various factors, regardless of the name or form of the contract (such as whether it is a contract for work or a contract for services).

(2) Start date

1 November 2024

For details of the establishment of the consultation counters for freelancers, please visit the following webpages of the MHLW:

https://www.mhlw.go.jp/stf/newpage_44487.html https://www.mhlw.go.jp/content/001319389.pdf https://www.mhlw.go.jp/content/11202000/001283001.pdf

3. Revised benefit rates applicable to continuously employed senior workers

'Continuous employment benefits for senior workers' are employment insurance benefits provided to insured persons aged 60 to 64 who meet certain conditions, such as continuing to work for wages less than 75% of the wages they earned at the time they reached age 60. Effective 1 April 2025, the Japanese government will revise the percentages used to calculate the amount of benefits (the 'benefit rate(s)'). The revised benefit rates will apply to insured persons who reach 60 years of age on or after the effective date. For details of the revision, please see the leaflet published by the MHLW.

(1) Details of the revision (changes are underlined)

	Before revision		After revision (effective 1 April 2025)	
	Percentage of wages paid in a month compared to wages at the time of reaching 60 years of age	Benefits to be paid on top of wages	Percentage of wages paid in a month compared to wages at the time of reaching 60 years of age	Benefits to be paid on top of wages
	61% or less	15% of the wages paid in the month	<u>64%</u> or less	10% of the wages paid in the month
Details	More than 61% and less than 75%	0% to 15% of the wages paid in the month (The percentage is set according to the 'percentage of wages paid in a month compared to wages at the time of reaching age 60' so that the sum of wages and benefits does not exceed 75%.)	More than <u>64%</u> and less than 75%	0% to 10% of the wages paid in the month (The percentage is set according to the 'percentage of wages paid in a month compared to wages at the time of reaching age 60' so that the sum of wages and benefits does not exceed 75%.)
	75% or more	No benefits to be paid	75% or more	No benefits to be paid
Apply To	Insured persons for whom either (a) or (b) below falls on or before 31 March 2025:		Insured persons for whom either (a) or (b) below falls on or after 1 April 2025:	
	(a) Day on which the insured person reaches 60 years of age(b) Day on which the insured person's period of coverage reaches five years if the coverage period is less than five years on the day on which the insured person reaches 60 years of age		(a) Day on which the insured person reaches 60 years of age (b) Day on which the insured person's period of coverage reaches five years if the coverage period is less than five years on the day on which the insured person reaches 60 years of age	

(2) Effective date

1 April 2025

For details of the 'revision of benefit rates of continuous employment benefits for senior workers', please visit the following webpages of the MHLW:

https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000160564_00043.html https://www.mhlw.go.jp/content/001328827.pdf

4. Availability of 'separation notice' via Mynaportal account

A 'separation notice for persons insured under employment insurance' (hereinafter referred to as the 'separation notice' ('離職票 (rishokuhyou)' in Japanese)) is a document that is required for those who have left their job to receive jobseeker benefits (such as a basic unemployment allowance) through their employment insurance. Previously, employers needed to send the separation notice received from the Public Employment Security Office (commonly called 'Hello Work') to former employees. On 20 January 2025, Hello Work launched a new service where they send a separation notice directly to the Mynaportal (see Note below) account of a person who wishes to use the service, having left or lost their job. Thanks to the new service, employers no longer have to go through the administrative process of sending a separation notice to a former employee, and former employees no longer need to wait for their former employer to send them a separation notice. The new service also allows such former employees to receive a 'notice of confirmation of

loss of insured status' ('資格喪失確認通知書') and a 'certificate of insured period under employment insurance' ('雇用保険被保険者期間等証明票') through their Mynaportal account.

(Note) 'Mynaportal' is an online service operated by the Japanese government.

- (1) Conditions for using the service
 - (i) The former employee's My Number is registered with Hello Work and their employment insurance number is properly linked to it.
 - (ii) The former employee needs to link their Mynaportal account to the Employment Insurance Web Service.
 - (iii) The employer needs to complete the employment insurance related procedures for the former employee electronically.

If the above conditions are not met, the separation notice will not be sent to the former employee's Mynaportal account. In such case, their former employer will need to send them the separation notice in the same manner as before.

(2) Start date

20 January 2025

For details of the 'issuance of separation notice through Mynaportal account', please visit the following webpages of the MHLW:

https://www.mhlw.go.jp/content/11600000/001353550.pdf https://www.mhlw.go.jp/content/11600000/001353163.pdf

This newsletter is based on information that is current as of 5 December 2024.

Web pages and documents linked to in this newsletter are only in Japanese unless otherwise indicated.

Let's talk

For more detailed information or information on individual projects, please contact the following:

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