

Mori & Partners

Roppongi Hills North Tower 16F, 6-2-31 Roppongi, Minato-ku, Tokyo 106-0032 Japan

TEL: 03-6831-9281 FAX: 03-6800-5542

<https://mps-legal.com/>

Foreign Company Registration in Japan: What Overseas Tech Companies Need to Know

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I. Introduction

Foreign companies expanding into Japan frequently encounter a threshold question that is both straightforward in principle and consequential in practice: when does a commercial presence in Japan trigger a mandatory registration obligation, and what are the legal and operational implications of that obligation? This article provides an overview of foreign company registration in Japan, including what it is, when it may become necessary, and how it differs from establishing a branch or a Japanese subsidiary. It also highlights practical considerations for overseas technology companies that are considering entering the Japanese market.

II. What Is Foreign Company Registration?

Under Japanese law, a company incorporated outside Japan is referred to as a “foreign company.”¹ When such a company conducts business activities in Japan on a continuous basis, the Japanese Companies Act requires the company to register certain information in Japan. In particular, a foreign company must appoint a representative in Japan and complete the registration of the foreign company within three weeks, in principle, from the date on which such representative is appointed.²

The purpose of this system is to ensure transparency for parties dealing with foreign companies that operate in Japan. By requiring registration, Japanese law allows third parties to confirm basic information about the foreign company, such as its name, governing law, address of its head office, and the details of its representative in Japan. The registration

¹ More specifically, Article 2, item (ii) of the Companies Act defines a “foreign company” as a juridical person or other organization established under the laws of a foreign country that is of the same type as, or similar to, a company.

² Article 817, Paragraph 1 and Article 933, Paragraphs 1 and 5 of the Companies Act.

is made in the Japanese commercial registry, in a manner similar to the registration of domestic companies.

III. When Is Registration Required?

A key concept in determining whether registration is required is whether the foreign company is conducting business in Japan on a “continuous basis.” This is a facts-and-circumstances analysis. There is no bright-line rule based on revenue, headcount, or duration alone.

Factors indicative of the threshold being met include:

- Maintaining a fixed place of business in Japan (office, warehouse, or server infrastructure may qualify in certain contexts).
- Systematically soliciting or fulfilling contracts with Japanese customers on an ongoing basis.
- Employing personnel in Japan under Japanese employment contracts.

Conversely, the following activities are generally considered not to trigger the registration obligation:

- Preparatory or auxiliary activities (market research, procurement of equipment, attendance at trade fairs).
- Isolated or one-off transactions with no intention of repetition.
- Activities conducted exclusively through a separately incorporated Japanese subsidiary (which has its own registration obligations as a Japanese entity).

It should be noted that the boundary between a taxable permanent establishment under Japan's domestic tax rules and the Companies Act registration trigger is not identical, although the two analyses overlap significantly. Companies should address both issues in parallel.

IV. What Must Be Registered?

1. Matters to Be Registered

When registering a foreign company in Japan, the company must register the matters that would be required for the incorporation of the same type of company (or the most closely comparable type of company) under Japanese law. In practice, this means that the registration will generally follow the framework applicable to a *Kabushiki Kaisha* (joint-stock company), *Gomei Kaisha* (general partnership company), *Goshi Kaisha* (limited partnership company), or *Godo Kaisha* (limited liability company), depending on which structure is considered most comparable.³

In addition to those matters, the following information must also be registered for a foreign company under Article 933, Paragraph 2 of the Companies Act:

- (1) the law governing the incorporation of the foreign company;
- (2) the name and address of the representative in Japan;
- (3) where the most comparable Japanese company type is a *Kabushiki Kaisha*, the method of public notice under the governing law of the foreign company;
- (4) if the balance sheet is disclosed by electronic means, the address of the webpage on which such information is published;
- (5) any provisions regarding the method of public notice;
- (6) where electronic public notice is used, the address of the webpage on which the relevant information is published; and
- (7) where no specific method of public notice has been designated, a statement that public notice will be made through publication in the Official Gazette.

Among these items, the appointment of a representative in Japan is particularly important. At least one representative must reside in Japan. In practice, however, foreign companies that have only recently begun operations in Japan often do not yet have their own personnel located in Japan. In such cases, it is relatively common for the company to appoint a Japanese attorney as the representative in Japan for registration purposes. Where an attorney is appointed as the representative in Japan, the address of the attorney's law office may be registered as the representative's address.

2. Required Documents

The specific documents required for foreign company registration may vary depending on factors such as the jurisdiction where the foreign company is incorporated and the nature of

³ Article 933, Paragraph 2 of the Companies Act.

its business. However, as a general matter, the registration application must typically be accompanied by at least the following documents:⁴

- (1) documents sufficient to confirm the existence of the foreign company's head office;
- (2) documents evidencing the authority or qualification of the representative in Japan;
- (3) the articles of incorporation of the foreign company or other documents sufficient to identify the nature of the foreign company;
- (4) where provisions regarding the method of public notice exist, documents evidencing such provisions; and
- (5) where the application for registration is filed by an agent, documents evidencing the agent's authority.

In practice, it is common to prepare an affidavit containing the relevant information, which is then notarized or otherwise certified by a notary public or similar authority in the foreign company's home jurisdiction. Where the relevant documents are prepared in a foreign language, Japanese translations must also be submitted.

Although practices may vary slightly depending on the Legal Affairs Bureau responsible for the registration, the affidavit is typically expected to be signed by a person with authority to represent the company, such as the CEO or another senior member. Depending on the availability of such individuals, obtaining the signed affidavit may take time, and this can sometimes become a practical bottleneck in the registration process.

V. What Are the Consequences of Failing to Comply with the Registration Requirement?

If a foreign company fails to appoint a representative in Japan as required, or fails to complete the required registration after appointing such a representative, the Companies Act provides that the company may be subject to a civil fine.

In particular, where a foreign company intends to conduct continuous business transactions in Japan but fails to complete the required registration within the prescribed period in violation of Article 933, Paragraph 1 of the Companies Act, the representative of the foreign company in Japan may be subject to a civil fine of up to JPY 1,000,000.⁵

⁴ Articles 129, Paragraphs 1 and 2, and Article 18 of the Commercial Registration Act.

⁵ Article 976, Paragraph 1 of the Companies Act.

In addition, where a person conducts continuous business in Japan on behalf of a foreign company without completing the required registration in violation of Article 818, Paragraph 1 of the Companies Act, such person may be subject to a civil fine equivalent to the amount of the registration and license tax that would have been payable for the registration.⁶

VI. Practical Considerations for Overseas Tech Companies

First, overseas companies should be aware that the establishment of a Japanese subsidiary or branch does not necessarily eliminate the need for foreign company registration. Even where a foreign company has established a local entity in Japan, the foreign parent company itself may still be required to register as a foreign company if it is the entity that conducts business in Japan on a continuous basis. For example, an international game publisher may operate the core aspects of its business (including the operation and distribution of its games) from its headquarters abroad, while establishing a small Japanese subsidiary that employs a limited number of staff to carry out marketing activities for Japanese users.⁷ In such a structure, the entity that continuously provides the game service to users in Japan may still be the foreign parent company and this may lead to the conclusion that the foreign parent company should complete foreign company registration.

Second, foreign companies should be aware that interactions with Japanese regulatory authorities other than the Ministry of Justice may sometimes lead to scrutiny regarding foreign company registration. In practice, Japanese government authorities may share relevant information with one another, and a regulatory filing made with one authority may bring the company to the attention of the Ministry of Justice. For example, an international game publisher may submit a notification to Japan's Ministry of Internal Affairs and Communications under the Telecommunications Business Act because its game includes a function that allows users to communicate with each other through in-game chat. If the foreign company has not completed foreign company registration, information exchanged between the relevant ministries may result in the Ministry of Justice contacting the company and pointing out the failure to register.⁸

⁶ Articles 979, Paragraphs 1 and 2 of the Companies Act.

⁷ Another example is that, in order to satisfy the requirements of Article 36 of the Payment Services Act, some overseas game publishers establish a Japanese subsidiary that is operated by only a small number of personnel (sometimes even without employees) while the main operational functions of the game service, including game distribution and live operations, continue to be conducted by the parent company in its home jurisdiction.

⁸ Further, the Financial Services Agency and the Ministry of Justice have also jointly issued

Third, the Ministry of Justice has in recent years taken a stricter stance toward compliance with foreign company registration requirements. When the Ministry of Justice identifies a foreign company that has failed to complete the required foreign company registration, it may take a firm position and (at least) request that the company promptly rectify the situation. In fact, the Ministry of Justice has recently urged foreign tech companies to promptly complete the registration emphasizing that, in connection with the type of telecommunications filings described above, the Ministry of Justice notified the courts in fiscal year 2022 that 14 foreign companies engaged in telecommunications services had failed to fulfill their foreign company registration obligations and should therefore be subject to civil fines.

VII. Conclusion

Foreign company registration is an often overlooked issue for overseas technology companies entering the Japanese market. While the mere provision of services to Japanese users does not automatically trigger the registration requirement, companies should carefully assess whether their activities could be regarded as conducting continuous business in Japan. Early consideration of the appropriate business structure can help avoid regulatory complications and ensure smoother expansion into the Japanese market.

general guidance to international gaming companies, noting that where a foreign company intends to conduct continuous business transactions in Japan, it must appoint a representative in Japan and complete foreign company registration.

<https://www.fsa.go.jp/common/about/pamphlet/game.pdf>

Further contact:



Shinichiro (“Shin”) Mori
MANAGING PARTNER

T: +813-6831-9281

E: shinichiro.mori@mps-legal.com

About Mori & Partners

Mori & Partners is a Tokyo-based boutique law firm focusing on cross-border corporate, technology, gaming, fintech, and regulatory matters. The firm advises foreign companies entering the Japanese market on entity structuring, regulatory licensing, and ongoing compliance. For inquiries, please contact us at mps-legal.com.

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