

Edition N°1 | July 2023 | Japan

REVIEWS LEGAL INDUSTRY



In this volumen, six of **Japan's Leading Law Firms** share their insights on **Applied Law**.

The Legal Industry Reviews also present this edition of **LIR News**: We briefly examine the latest updates on M&A and Capital Markets, Tax and Antitrust / Competition.

LIR

The image features the letters "LIR" in a bold, black, sans-serif font. The letters are positioned to the left of a red square frame. The frame is composed of a thick red line that forms a square, with the top and bottom horizontal bars extending further to the right than the vertical bars, creating an open-ended effect on the right side. The letters "LIR" are partially enclosed by the left and bottom portions of the frame.

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LIR NEWS

Write **easily**, go **global**.



ABOUT LIR NEWS

LIR News is the new project of The Legal Industry Reviews. Its main feature: their presenters are 100% powered with artificial intelligence. This is the very first legal, global, news show of its kind. Stay tuned for the upcoming editions and areas!

AI TEAM

For the first time, we present to you the full AI Team of The Legal Industry Reviews: Lina, Arthur, Sophie and Maya. These are the new members of the LIR Team, powered 100% with artificial intelligence, who will share with you the latest news of the legal industry all over the world.



SOPHIE
M&A/Capital Markets
News Presenter



ARTHUR
TAX
News Presenter



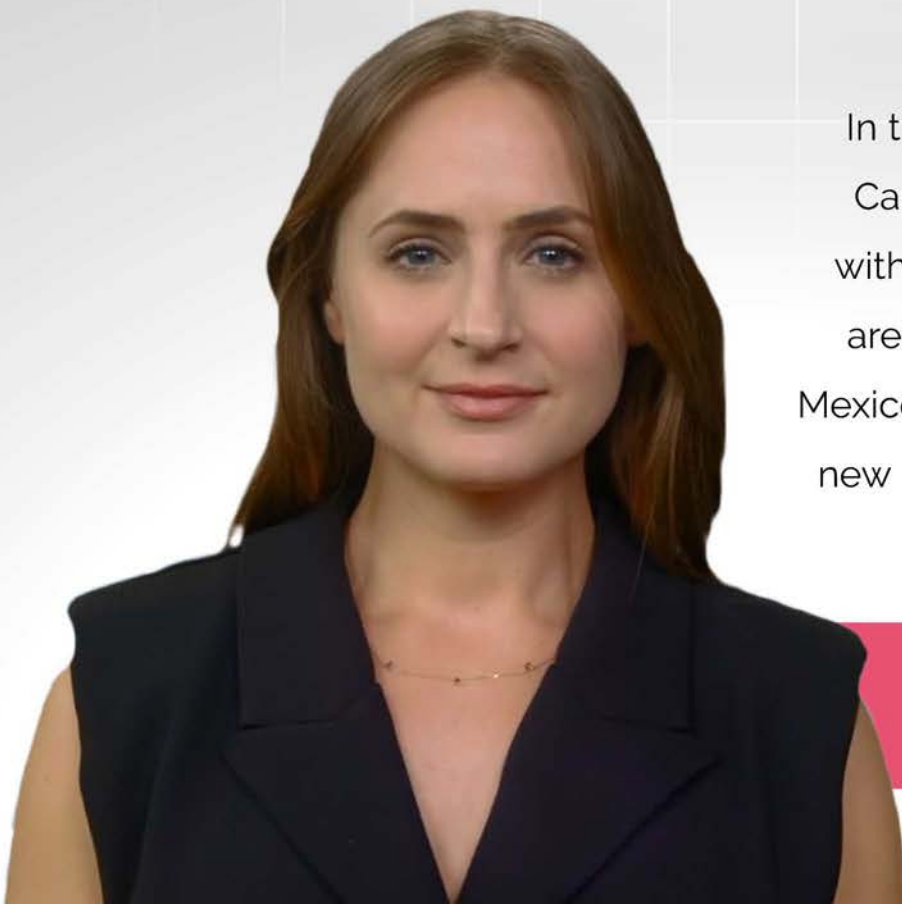
LINA
Antitrust/Competition
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M&A AND CAPITAL MARKETS

M&A Law is a branch of corporate law that deals with advising and facilitating mergers, acquisitions, restructurings, and other business transactions.



In this edition of LIR News: M&A/
Capital Markets edition, we share
with you the latest updates on the
area in Romania, India, Spain, and
Mexico. We also present Sophie, the
new member of The Legal Industry
Reviews AI Team.

SOPHIE
M&A/Capital Markets
News Presenter



TAX

The area of tax, or taxation, refers to the field of study and practice related to a country's tax system. It deals with the application of tax laws and regulations, as well as the advice and preparation of tax returns for individuals and businesses.



LIR News: Tax, we share with you the latest updates of the area in Croatia, Chile, Peru, the Czech Republic, Ecuador and Paraguay..

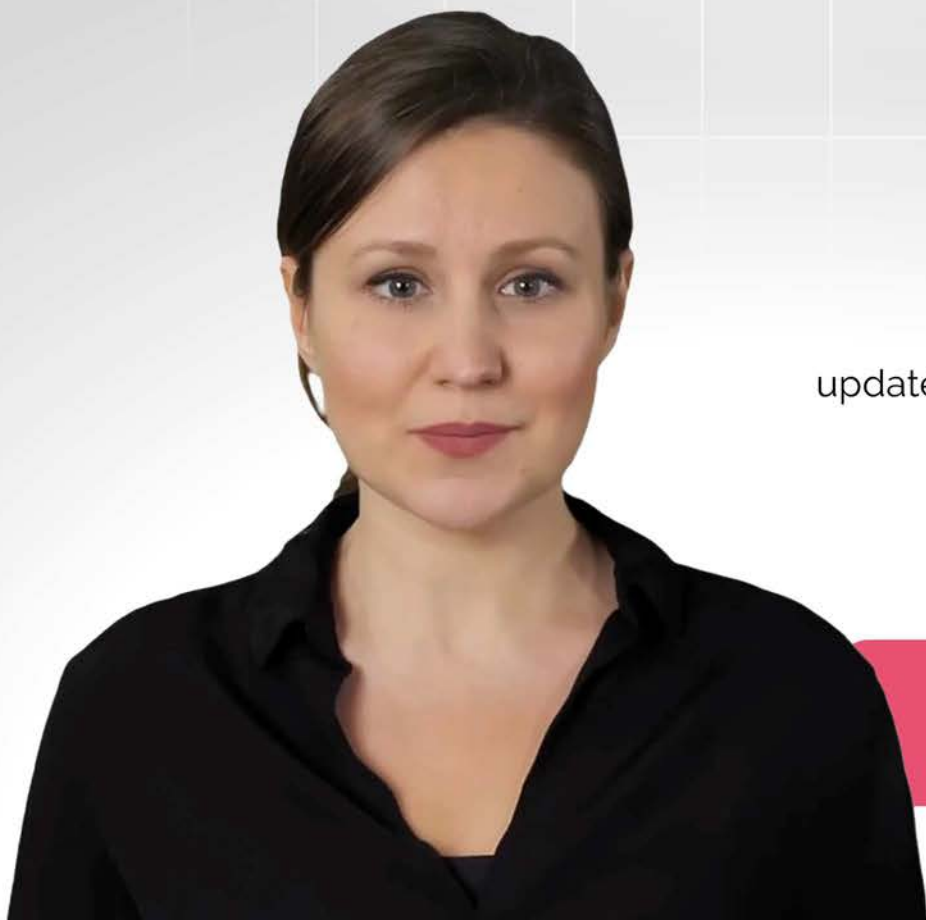
ARTHUR
Tax
News Presenter



ANTITRUST/COMPETITION

The area of competition or antitrust refers to the field of study and practice that focuses on promoting and maintaining fair competition in markets.

The main objective is to prevent anti-competitive practices that could restrict competition, limit consumer choice, and harm economic efficiency.



We briefly examine the latest updates on Antitrust /Competition in Czech Republic Chile, China, Paraguay, Ecuador and Peru.

LINA
Competition/Antitrust
News Presenter

NEW EDITION

TUESDAY 11

16:00 (GTM-3)



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APPLIED LAW

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New Cookies Regulations in Japan took effect in June 2023

The amendments to the Telecommunications Business Act ("TBA") introduced new requirements imposed on certain entities that transmit cookie information or other types of user information ("User Information") to third parties ("Cookies Regulations"). The new Cookies Regulations took effect from June 16, 2023.

The User Information subject to the Cookies Regulations is information about users recorded on their own device. Such User Information includes cookie information, identifiers such as advertising IDs, the information about user's online behavior such as browsing history.

The Cookies Regulations apply to businesses who provide any of the following telecommunications services specified under the TBA ("Covered Business"). The Covered Business include not only traditional telecommunications service providers but also broader scope of Internet-related businesses such as providers of social media services, video sharing services, online shopping malls and online game platform:

- (a) Telecommunications services that mediate communication of others;
- (b) Telecommunications services that record information on a recording medium or receive information from a user and thereby making the recorded or input information available for communication by others at the request of an unspecified user;
- (c) Telecommunications services that provide information on unlimited websites where the searched information is recorded for communication to others in response to a search request; or
- (d) Other telecommunications services that can transmit information in response to requests from unspecified users and are intended to be made available to unspecified users.

The Guidelines for Protection of Personal Information in Telecommunications Business ("Guidelines") and FAQ on the Cookies Regulations issued by the Ministry of Internal Affairs and Communications clarify that the Covered Business includes: e-mail, direct messaging services (including messaging/chat function offered with other services), web conferencing systems that enable meetings with limited participants, SNS, electronic bulletin boards, video sharing services, online shopping malls, live-streaming services, matching platform services, online game, online education and other content services, general online search services, news and weather information services, video distribution services, online map services, transit information search services and services that provide information on employment, career change, part-time jobs.



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Covered Business operators who are subject to the Cookies Regulations are required to take one of the following measures to transmit the User Information to a third party, subject to some exceptions: (i) notify users of information about any transmission of the User Information or make such information readily available to users, (ii) obtain users' consent, or (iii) provide opt-out measures. The relevant regulations and the Guidelines provide further details on what information needs to be provided to users and how to implement these measures.

Certain information that needs to be transmitted for providing a telecommunications service to users is exempted from the Cookies Regulations. The following types of the information are examples that can rely upon the exemptions:

- OS information, screen setting, language setting, browser information to display a proper screen on the user's device;
- Information necessary to retain the information inputted by users to redisplay such information (e.g., shopping cart);
- User's authentication information to redisplay such information (e.g., "Remember Me" functionality); and
- Identification codes that are used by the Covered Business operators to identify their own users (e.g., ID stored in the First Party Cookie).

The legal pitfall would be that the Cookies Regulations can apply even if a business does not offer telecommunications services, which require filing a notification to the government under the TBA. Companies who transmit the User Information to third parties should consider whether they are in purview of the new Cookies Regulations and ensure compliance with their requirements.





Practice Area News

First criminal charges under Japan privacy law.

On **January 11, 2023**, the **Personal Information Protection Commission** ("PPC") filed criminal charges against a website operator under the Act on the Protection of Personal Information ("APPI") for the first time. The website operator created databases for the bankrupt person's personal information collected from public sources without publishing any notice or obtaining consent. The PPC held that these activities breached the APPI.

PPC's administrative guidance to Open AI.

On **June 2, 2023**, the PPC published a warning on the use of generative AI services and issued an administrative guidance to Open AI. The PPC clarified in what situation the use of generative AI services may constitute a breach of the APPI. The PPC also required Open AI to ensure compliance with the requirements, particularly on collection of sensitive data and notifying purpose of use in the administrative guidance.

PPC's report on camera systems for crime prevention and security.

In March 2023, the PPC released a report on the use of camera systems with a facial recognition function for crime prevention and security. This report discusses various issues relating to privacy and publicity rights when companies use the camera systems in their business. The report also provides some examples of practical steps to use the camera systems in a manner that complies with the APPI.

Amendments to the security management guidelines on medical information.

With an increase of cyberattacks and further involvement of information service providers in the healthcare field, the **Ministry of Internal Affairs and Communication** and the **Ministry of Economy, Trade and Industry** jointly published draft amendments to security management guidelines for information system service providers handling medical information (**Version 1.1**) on **April 18, 2023**. Version 1.1 will be published given the results of the public comment ended on May 18, 2023.

In the Firm

Connect on Tech - online data protection portal

Connect on Tech is our online portal reporting on global developments in data protection, data security, information management and more. You can access this portal from [HERE](#).

Global Data Privacy and Security Handbook

Our highly sought-after Global Data Privacy and Security Handbook provides detailed and forward-looking information on data privacy & security standards in over 50 countries. Read more [HERE](#).

**Baker
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Tokyo, Japan

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Staking and Securities Regulation

In the U.S., SEC Sues the World's Largest Crypto Exchange.

On June 5, 2023, the Securities and Exchange Commission (SEC) charged Binance Holdings Ltd. (Binance), one of the largest crypto exchanges in the world, and its related parties, with various securities act violations. One of the charged violations was that the provision of staking services by a Binance affiliate constituted an unregistered sale of securities. As we have often been asked the legal status of staking in Japan, we will provide an overview of staking and Japanese securities regulations.

What are Staking and Staking Service?

Crypto assets which adopt a consensus algorithm called proof-of-stake can be rewarded from the network by staking the crypto assets and being involved in the block generation. Staked crypto assets are locked in the protocol and cannot be withdrawn. In some networks, staking more crypto assets may yield more rewards. A person can stake crypto assets on their own, but this requires considerable technical know-how. To solve this issue, crypto exchanges and staking service providers accept deposit or delegation of crypto assets from their users for staking and promise to give the users a portion of the reward.

A risk called slashing penalties exists in some staking. Staking service providers may forfeit staked crypto assets as penalties if they fail to fulfill their expected role, such as keeping online and providing some auditory service. Some staking service providers owe those slashing penalties risks by themselves, but others distribute the penalties to the users.

Japanese Securities Regulation.

The Financial Instruments and Exchange Act (FIEA) treats specific partnership interests, namely interests in so-called "collective investment schemes (CIS)," as securities. Although there is no standard indicated by the Supreme Court like the Howey Test in the U.S., the elements extracted from the definition of CIS under the FIEA are as follows:

- (i) Investors invest or contribute money (including crypto assets).
- (ii) The collected funds are used for businesses.
- (iii) The investors are entitled to receive dividends or to participate in the profits arising out of the business or the distribution of assets.



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Activities involving a CIS are subject to disclosure and registration requirements, as well as conduct controls. The solicitation of interests in a CIS to investors is considered a solicitation of securities. It must be registered with the Financial Services Agency.

Is Staking a Security?

Considering the staking mechanism described above, it is necessary to consider whether the commitment of crypto assets from users to service providers constitutes investments or contributions. Although there is no clear definition, considering that deposits and loans of crypto assets are not considered investments or contributions, the allocation mechanism of risk and profit would be a key factor.

Staking services in which users take the risk of breaking the principle, such as distributing slashing penalties to the users, and the rewards may fluctuate depending on the performance of the service provider may constitute investments or contributions.

Depending on the design of the mechanism, it may be possible to structure the service as loans of crypto assets, which are not regulated by current Japanese regulations, rather than investments or contributions, but in any case, careful consideration is required.

Custody Regulation.

Please note that in addition to the above security regulations, custody regulations may also apply when managing private keys of crypto assets for users.





Practice Area News

Amended Payment Services Act. The amended Payment Services Act governing crypto assets and other payment methods was enacted on June 1, 2023. The concept of “electronic payment instruments” has been newly established as a correspondence to stablecoins, which had not been clearly defined, and regulations regarding their issuance and intermediation have been clarified.

Stricter Travel Rules. Stricter regulations for anti-money laundering came into effect on June 1, 2023. According to the new “Travel Rules,” when assets over a certain amount are sent by a customer, the receiving and sending crypto exchanges must share information about the customers. The lack of interoperability in such information sharing systems has prevented users from sending and receiving crypto assets between crypto exchanges.

Investment in security tokens by LPS. The businesses that Investment Limited Partnerships (LPS) may engage in are limitedly listed in the LPS Act. It was not clear whether security tokens were included in the list. On April 19, 2023, the Ministry of Economy, Trade and Industry (METI) published a notice clarifying the interpretation regarding the ability of LPS to invest in security tokens. The notice also clarified that LPS might not acquire or hold crypto assets and stablecoins.

In the Firm

So & Sato Law Offices was highly recognized in the “FinTech” and “Investment funds” categories of the Legal 500 Asia Pacific 2022 – 2023.

Chambers & Partners ranks So Saito top FinTech lawyer 2022.

Best Lawyers recognizes So Saito for Banking and Finance Law, Financial Institution Regulatory Law and FinTech Practice for 2024.

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Tokyo

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Recent development of the economic value-based solvency framework in Japan

It has been pointed out that the current insolvency regime based on the lock-in method does not adequately reflect the medium- or long-term risk structure of insurance companies. In response to the concerns regarding the current insolvency regime, the economic value-based approach is considered effective for management of insurance business with full consideration of future risks.

Since 2010, the Financial Services Agency of Japan (the "FSA") had been conducting studies on an economic value-based solvency regime through field tests covering all Japanese insurance companies and working towards the adoption of a specific framework concerning the economic value-based solvency regime.

Also, each Japanese insurance company is developing an internal framework used to calculate its internal economic value-based solvency ratio on a voluntary basis to monitor its financial soundness and to supplement its solvency margin ratio under the current regulation, considering current proposals to adopt the Insurance Capital Standard (the "ICS").

Through analysis of the results of the field tests and discussion with insurance companies and related parties, the FSA announced the framework and basic content of an economic value-based solvency regime that will amend the current solvency regulations applicable to Japanese insurance companies as follows.

In June 2020, the FSA published the "Report of the Advisory Council on Economic Value-based Solvency Framework", referred to the necessity of moving to an economic value-based solvency framework and of measuring the soundness of the management of insurance companies based on the following "three pillars" approach:

- Pillar 1 (Solvency Framework): Establish certain common standards for solvency ratios and a framework for supervisory intervention as a backstop to protect policyholders.
- Pillar 2 (Internal Controls and Supervisory Review): Capture risks not captured by Pillar 1 and promote the review and enhancement of internal controls of insurance companies.
- Pillar 3 (Disclosure): Encourage appropriate communication between insurance companies and their external stakeholders and appropriate governance of insurance companies.



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Then, in the "Status of Consideration of Economic Value-based Solvency Regulation" released by the FSA in June 2021, the FSA presented the analysis of possible issues relating to each of the three pillars.

In response to these, in June 2022, the FSA released the "Tentative Decisions on the Fundamental Elements of the Economic Value-based Solvency Regulation" (the "FSA ESR Document 2022"). The FSA ESR Document 2022 includes tentative conclusions on the concept of the standard model related to the new solvency framework and basic direction regarding the basic contents of such framework. The FSA assumed that the new solvency framework will be introduced in 2025, and tentatively concluded that the initial reporting period for economic value-based solvency ratio based on the new framework should be the end of March 2026. Even after the new solvency framework is introduced, it is considered appropriate to continue to require reporting at the end of the interim period as well as the end of the fiscal year. In addition, the FSA ESR Document 2022 stated that the basic concept of the standard model in the new solvency framework will be that the basic structure should be common to the ICS, and that the structure will be modified to fit domestic insurance companies to a reasonable extent. The FSA also presented certain proposed guidelines on the treatment of individual items related to the economic value-based valuation approach in the FSA ESR Document 2022.





Practice Area News

Amendments to the guideline regarding Small Amount and Short-Term Insurers. With respect to Small Amount and Short-Term Insurers (“SASTIs”) that are permitted to underwrite only small amount and short-term insurance, the relevant guideline published by the **Japanese FSA** was amended and effective from **April 1, 2023**, to improve the monitoring system of SASTIs. The FSA needs to promptly identify SASTIs with concerns about their financial soundness and business appropriateness, and to encourage them to take appropriate action.

Strengthening monitoring of insurance products for tax saving purposes. On **July 14, 2022**, the **Japanese FSA** announced that it would further strengthen cooperation with the Japanese National Tax Agency to address concerns about development and solicitation activities of insurance products that would be offered mainly for tax saving purposes and deviate from the original nature of insurance products; and the FSA intended to protect policyholders through the FSA's examination and monitoring of such insurance products.

Amendments to the relevant regulations regarding voluntary adoption of IFRS. The relevant Japanese insurance business regulations including the disclosure requirement of an insurance company were amended and effective from **April 1, 2023**, so that such regulations can be properly applied to an insurance company group that voluntarily adopts designated international accounting standards including International Financial Reporting Standards.

Amendments to the relevant regulation regarding reserves for IBNR. Insurance companies are required to accumulate reserves for incurred but not reported losses (the “IBNR”). The amendment of the relevant regulation, which became effective from **March 31, 2023**, allows life insurance companies to consider the impact of a pandemic or a large-scale natural disaster on their reserves for IBNR.

In the Firm

Delivering diverse solutions across Asia

Nishimura & Asahi is Japan's largest full-service international law firm. We have a strong global presence, particularly in Southeast Asia with our experienced and locally qualified lawyers. About us [HERE](#).

Our dedicated Insurance team

We are best known for providing our clients with optimal solutions for insurance disputes and regulatory issues, and leading complex insurance M&A transactions to successful completion. Our team [HERE](#).

**NISHIMURA
& ASAHI**

Risk Management

Mitigating Risks of Corporate Scandals by the Effective Whistleblowing System

In Japan, the amended Whistleblower Protection Act (hereinafter the "Act") came into effect on June 1, 2022. Many companies established a system for responding to whistleblowing, including establishing an internal reporting channel and an investigation/correction rule (hereinafter the "whistleblowing system") to comply with the Act and the guideline based on Article 11 (1) and (2) of the Act (hereinafter the "Guideline").

However, even after the Act went into force, various corporate scandals such as accounting fraud, bribery, and data manipulation have been uncovered one after another in Japan, and some investigation reports made by investigation committees or third-party committees indicated that one of the root causes of these corporate scandals was a dysfunctional whistleblowing system. At this time, one year after the Act went into force, each company should review whether its whistleblowing system is functioning properly.

Overview of the amended Whistleblower Protection Act

The Act obligates companies and organizations with over 300 employees to establish a whistleblowing system which meets the requirements stipulated by the Guideline.

The Guideline requires companies and organizations to install various measures such as (i) a cross-departmental whistleblowing system, (ii) a system for protecting whistleblowers, and (iii) some measures which make the whistleblowing system work effectively. If a company does not comply with the Act or the Guideline, there is a possibility that the Secretary General of the Consumer Affairs Agency will take administrative measures against the company.

Even though a foreign company may have established a global/group whistleblowing system, Japanese subsidiaries thereof must stipulate their own internal regulations according to the Act and the Guideline.

Also, the Act obligated companies to designate as a "person engaged in the business" a person who performs the business of dealing with whistleblowing disclosure (a person who receives reports at a contact point, a person who is engaged in investigations, a person who implements rectification measures, etc.) and is informed of the name of the whistleblower, etc. in connection with the business. A "person engaged in the business" has a legal obligation of confidentiality not to divulge information identifying the



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whistleblower. If such person violates the obligation, it will result in a fine of not more than JPY 300,000.

For Mitigating Risks of Corporate Scandals

The raison d'être of the whistleblowing system is to prevent malfeasance by officers and employees and to strengthen the self-cleansing function of companies by enabling early detection of malfeasance. To fulfill the above-mentioned raison d'être of the whistleblowing system, it is not enough to simply establish the system. The companies should effectively operate the whistleblowing system and continuously check whether the officers and employees comply with the Act, the Guideline, and the internal rules of whistleblowing.

We believe that one of the most important things for the effective operation of the whistleblowing system is to educate employees. The Guideline requires companies to make the Act and their whistleblowing systems known to their officers, employees, and retired employees (within one year after resignation) and educate them. Also, the Guideline requires companies to sufficiently educate the "person engaged in the business" about the protection of confidentiality of information identifying the whistleblower.

Now that one year has passed since the amendment of the Act, why not review your company's whistleblowing system and education for the officers and employees?





Practice Area News

Introduction of criminal sanction against misleading representation. On May 18, the Japanese Diet passed revisions on the Act against Unjustifiable Premiums and Misleading Representations. The revised Act introduces criminal sanction against misleading representations made willfully, as well as increased administrative fine to repeating violation. The Act also introduces a settlement procedure for a potential violation of the Act, where administrative sanction can be avoided with voluntarily taking enough remedial measures.

Reference Material about Human Rights Due Diligence. On April 4, 2023, the Ministry of Economy, Trade and Industry released a series of documents titled "Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains". In September 2022, the Government of Japan released the "Guidelines on Respecting Human Rights in Responsible Supply Chains". The companies should check both the Guidelines and the Reference Material to effectively implement human rights due diligence.

New regulation on stealth marketing. On March 31, the Consumer Affairs Agency introduced a regulation on stealth marketing, which will enter into force from October 1 of this year. The regulation prohibits any advertisement by a company which general consumers cannot recognize it as the company's one. A typical example includes an advertisement by an influencer funded and supported by a company, in which case the ads need to indicate those are funded by the company.

The Amendment of the Code of Criminal Procedure. On May 17, 2023, the amended Code of Criminal Procedure was promulgated. The amended Code of Criminal Procedure makes some important changes to ensure the accused's appearance on the trial date and the execution of the trial, including installation of a GPS-device on the accused.

This amendment is mainly due to a case in which the accused on bail fled abroad, which had a significant impact on criminal procedure in Japan.

In the Firm

M&P's US expansion

M&P has launched a strategic alliance with Yorozu Law Group (which has been rebranded as M&P (US)), a San Francisco-based law firm providing legal services to Japanese companies and their US subsidiaries for more than 20 years.

Opening Jakarta office

M&P commenced a business alliance with Atama Law, an Indonesian law firm, and has started operations as the M&P Jakarta Office in April 2023.



Miura & Partners

Promoting Investment in Start-up Companies

Prime Minister of Japan, Fumio Kishida, has made fostering domestic start-up companies a centerpiece of his policy, promoting investment from both domestic and foreign investors. In November 2022, the Government of Japan published the "Five-Year Start-up Promotion Plan," which aims to increase the scale of investments in start-up companies in Japan to more than ten times the current level by 2027. As part of this policy, new tax incentives are available.

In the 2023 tax reform ("2023 Tax Reform"), several amendments have been made to accelerate development and promote investments in start-up companies.

• Tax Incentive for Open Innovation Promotion

The tax incentive that allows a domestic company to deduct 25% of the acquisition amount of newly issued shares of a start-up company from income when it acquires a certain amount or more has already been introduced. 2023 Tax Reform further made acquisitions of issued shares from parties other than the original issuers eligible for the same tax incentive treatment, subject to the acquisition of a majority of the voting rights.

• Tax Incentives for Angel Investors

Under the previous rule, when an individual investor sells their shares and reinvests in start-up companies, the capital gains from the sale of original shares would be tax-deferred until the sale of the newly acquired shares in the start-up company. Under the 2023 Tax Reform, capital gains on the sale of the original shares may be tax-exempt up to JPY 2 billion if such gains are reinvested in a start-up company, subject to certain conditions.

• Tax-qualified Stock Option

Under Japanese tax law, stock option ("SO") for directors and employees as incentives is treated as salary income, and is subject to a maximum income tax rate of 55% upon vesting, unless the SO is a tax-qualified SO. If treated as a tax-qualified SO, the SO is only subject to capital gain tax at a rate of 20.315% upon the transfer of shares acquired through the exercise of share acquisition right.

To be tax-qualified SO, the requirement used to be that the exercise period needed to be between 2 and 10 years from the resolution of granting of share acquisition rights. However, 2023 Tax Reform broadens the usability window by allowing a maximum exercise period of



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15 years to SO-granting companies that have been in business for 5 years or less.

• Exit Tax

Under Japanese tax law, when an individual with assets of at least JPY 100 million leaves Japan and no longer has a residential address in the country, they are deemed to have disposed of certain assets at fair market value and are subject to tax on the capital gains at the time of exit ("Exit Tax"). This was one of the factors that hindered Japanese start-up companies from expanding overseas: directors and employees posted overseas for company expansion were often stuck by the Exit Tax. 2023 Tax Reform has eased the conditions required for claiming the special five-year tax deferral treatment and allowed directors and employees of start-up companies to benefit from the tax deferral through a simplified procedure.

In addition to the above, a number of tax and other legal incentives have been introduced to promote and foster more start-ups in Japan, including the recent introduction of the so-called "start-up business visa", which allows foreign entrepreneurs to stay in Japan for up to one year to set up a business.





Practice Area News

Tax Ruling about PE Implications of Foreign Company's Registration under the Companies Act.

A foreign company needs to register a local representative person with a residential address in Japan before carrying out continuous business transactions in Japan. This requirement was considered to potentially increase the risk of creating a permanent establishment (PE) in Japan, but **Tokyo Regional Taxation Bureau** publicly announced on **February 22, 2023** that the registration of a representative without contractual or other authority would not create a PE in Japan.

New Invoice System for Japanese Consumption Tax.

Starting **October 1, 2023**, a new Invoice System for Japanese Consumption Tax (JCT) will come into effect. JCT taxpayers (the buyers) will be required to retain a qualified invoice issued by a qualified invoice issuer (the seller) to claim the input JCT amount on taxable purchases. The original deadline for the initial qualified invoice issuer registration was **March 31, 2023**, but it has now been extended to **September 30, 2023**.

Supreme Court judgment on input JCT credit for purchase of residential apartments for future resale.

A real estate broker purchased residential apartments with tenants for future resale and fully recovered Japanese Consumption Tax based on a long-accepted practice; however, the tax authority disallowed such treatment on the grounds that the apartments were also rented for residential use. On **March 6, 2023**, the **Supreme Court** took a strict interpretation of the relevant legal requirements and ruled in favour of the tax authority's approach, regardless of past practice.

Reviewing Taxation on Retirement Income.

In **June 2023**, the **Japanese Government** announced that it had initiated a review of the current tax system on retirement income, including a special deduction available only to those who have worked for the same company for 20 years or more. The current tax system presumes lifetime employment and is often criticized for being an obstacle to reforming the Japanese labour market. The reform plan will be discussed further later this year.

In the Firm

DLA Piper advises Japanese and non-Japanese multinationals on cross-border M&A, private equity and venture financing, regulatory, compliance, employment, finance, tax, and real estate. We also represent dispute resolution and investigations.

The firm has been consistently recognized as a leading law firm for its Japan Tax practice in Chambers Asia Pacific, Legal 500 Asia Pacific, and International Tax Review.



Exploring new legal frontier on AI, web3 and Metaverse

The NO&T TMT Practice Team actively advises our clients involved in IT, Internet, broadcasting and telecommunication business as well as those involved in the entertainment and media-related industries, including TV broadcasting, film, music, publishing, advertising, video gaming and the professional sports industries. In addition to providing legal advice on these businesses themselves, we provide corporate/M&A, finance and dispute resolution services to companies engaged in these businesses by swiftly assembling groups of highly skilled team members who possess special knowledge and experience in these cutting-edge technologies and businesses. We are also particularly strong in handling space-related matters. Drawing on our extensive experience and knowledge of space law, we provide one-stop support to both "Old Space" and "New Space" clients in financings, business collaborations, and contract negotiations (including cross-border negotiations and those with space agencies).

We have a robust regular client base including domestic and international key players in each market, and provides day-to-day legal advice to such clients in the TMT fields. We also provide our clients in fields other than technology with legal advice in their technology-related transactions, such as MaaS, Smart city, Fintech, and Healthtech.

The firm's TMT Practice Team was recognized as Technology, Media and Telecommunications Law Firm of the Year by ALB Japan Law Awards 2022, and as Tier 1 in TMT Independent Local Law Firms by the Legal 500 Asia Pacific 2023 and the Spotlight Table by Chambers Asia-Pacific 2023 (TMT).

Mr. Soichiro Fujiwara, co-head of the firm's TMT Practice Team, has been recognized as ALB Asia Super 50 TMT Lawyers 2023, and as Leading Individuals in TMT by the Legal 500 Asia Pacific 2023. He also received the ALB Dealmakers of Asia 2021.

Mr. Keiji Tonomura, co-head of the firm's TMT Practice Team, was recognized as Spotlight Table in Chambers Asia-Pacific 2023 (TMT), Next Generation Partner in Legal 500 Asia Pacific (TMT and Fintech) (2023), and The Best Lawyers in Japan 2024 (Fintech Practice; Information



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noandt.com

Technology; and Technology). He is a frequent speaking as well as a country author of Chambers TMT 2023 Global Practice Guide (Japan) – Trends and Developments, Chambers Fintech 2023 Global Practice Guide (Japan) – Trends and Developments, and Chambers AI 2023 Global Practice Guide (Japan) – Law and Practice/Trends and Developments. Also, he is a country author of the Legal 500: Technology Comparative Guide – Japan.

We are also active in contributing to the policy-making process on the cutting-edge areas, including generative AI, web3, and Metaverse. For instance, Keiji is a member of the two project teams established in the Digital Society Promotion Headquarters, Liberal Democratic Party of Japan: one is the "Project Team on Innovation and Implementation of AI", which recently published the AI White Paper in April 2023; and the other is the "web3 Project Team", which published the well-known web3 White Paper in April 2023. (Read more [HERE](#)) He also served as a member of the "Web3.0 Study Group," which was established in the Digital Agency of Japan in 2022 (as the only lawyer in the Group). We will continue to actively engage in a policy-making process while providing our clients with practical and innovative advice with respect to new legal issues and challenges, and thereby contribute to the implementation of new technologies.





Practice Area News

AI White Paper. In April 2023, the AI White Paper – Japan's National Strategy in the New Era of AI – was issued by the Project Team on Innovation and Implementation of AI established in the Digital Society Promotion Headquarters, **Liberal Democratic Party of Japan**. This white paper proposed a new national AI strategy to address the impact of social implementation of Large Language Models (LLMs) such as ChatGPT.

New Cookies Regulations. In June 2023, the new cookies regulations under the Telecommunications Business Act came into force. The new external data transmission rule requires certain telecom businesses to give prior notification or take other measures before they direct the transmission of user information recorded in the user's device (such as third-party cookies, tags, and advertising IDs) to anyone other than the user themselves (including third parties and such telecom businesses).

G7 Hiroshima Summit. Japan hosted G7 Hiroshima Summit that was held in **May 2023**. In the G7 Hiroshima Leaders' Communiqué, it is agreed to advance international discussions on inclusive artificial intelligence (AI) governance and interoperability to achieve our common vision and goal of trustworthy AI, in line with our shared democratic values, and to establish the Hiroshima AI process for discussions on generative AI by the end of this year.

web3 White Paper. Following the NFT White Paper published in the spring of 2022, the web3 White Paper – Towards an era of mass adoption of Digital Assets – was issued in **April 2023** by the web3 Project Team established in the Digital Society Promotion Headquarters, **Liberal Democratic Party**. This white paper summarizes the issues to be address immediately for promoting web3, such as tax reform and establishment of special laws for LLC-type DAOs.

In the Firm

Commenced Operations in Jakarta

On February 1, 2023, NO&T commenced operations in Jakarta under the name of "IM & Partners in association with Nagashima Ohno & Tsunematsu" (Read more [HERE](#)).

ALB Asia Super 50 TMT Lawyers 2023

Soichiro Fujiwara has been selected as one of the 50 most highly recommended TMT practitioners in the ALB Asia Super 50 TMT Lawyers 2023.

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