Business Registry Reforms in Japan

Gen Goto
Professor of Law, The University of Tokyo, JAPAN
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Japan’s issues (among others)

- Low economic growth since 1990s
  - Average GNP growth rate for 2010-2019 around 1.3%
  - Entry rate around 5%, compared to US’s 10% and PRC’s 20%

- Gender inequality
  - 121st (out of 153 countries) in WEF’s Global Gender Gap Index 2020 (115th for economic participation and opportunity)
  - Female entrepreneurs account for 19% of new businesses in 2019

- Inefficient administrative procedures with limited use of ICT

- All exacerbated by the Covid-19 outbreak
Japan’s progress on business registry

• Continental-law system, formalistic (but not substantial) verification by registrars
• Online registration available (since 2004)
• Online notarization of articles of incorporation (since March 2019)
  • Notarization is required for stock companies, but not for LLCs
• Fast-track for incorporation of stock companies and LLCs
  • Within 3 days (since March 2018)
  • Within 24 hours for companies with five or less managers (since March 2020)
• One-stop service for starting a business
  • Tax and social security (since January 2020)
  • Business registry (expected to join in February 2021)
• Sharing of registered information among administrative agencies (expected to start in October 2020)
In short...

• Business registry reform is relevant for developed economies like Japan as well

• UNCITRAL Legislative Guide on Key Principles of a Business Registry as a good source of ideas

• States should take the outbreak of Covid-19 as an opportunity to accelerate its reforms on business registry