

CEP Magazine – March 2020 Japan's Workstyle Reform Act set to go into effect next for small companies

Starting April 2020, Japan's Workstyle Reform Act will go into effect for small companies (i.e., generally, organizations with 50 or fewer employees). The law was implemented in April 2019 for large companies and was drafted to set limits on overtime hours and to “address the dangers of overworking.”^[1]

There are different requirements depending on the circumstances, but the “basic limit” states that overtime cannot exceed 45 hours a month and 360 hours a year. And for organizations that operate in Japan, the following actions should be taken:^[2]

- “Train HR about the new laws.
- “Train employees about how to work efficiently in fewer work hours.
- “Conduct an audit to find misclassification risks for exempt employees.
- “Implement a new time-tracking system that tracks work hours for all employees, including those who are exempt.”

Further phases of implementation for all company sizes are planned through April 2023.^[3]

¹ Aki Tanaka and Trent Sutton, “Significant Changes to Japan's Labor Laws Take Effect,” SHRM, March 27, 2019, <http://bit.ly/35CKrnA>.

² Tanaka and Sutton, “Significant Changes,” <http://bit.ly/35CKrnA>.

³ Nan Sato, “Japan's Workstyle Reform Act – What Is the Compliance Deadline for Your Organization?” January 7, 2020, <http://bit.ly/2saunMo>.

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