

## Initial Cost Estimation

### <Basic Premises of Model Case>

- The model case is based on the most common type of new business operation established by foreign firms entering the Japan market with an initial staff of two: one person from the foreign firm (who typically serves as managing director) and a Japanese national (manager-level person).
- The company makes use of a temporary office to complete incorporation procedures to set up joint-stock company or branch office, and then moves into a permanent office (rented).
- The foreign national (managing director) lives in an extended-stay apartment or hotel, then moves to permanent housing in a residential area after completing incorporation procedures.
- The company engages licensed professionals with publicly administered qualifications for a kind of procedures.



Company establishment and tax notices	Criteria/Remarks	
Costs to register company	Registration and license tax, stamp tax for article of incorporation, obtaining official copy etc.	
Name seals for company and personal use	Price for standard kit (4 company seals : registered seal, square seal, seal used for bank transactions, a rubber stamp) at major seal chain store in Japan.	
Company registration and notifications (through proxy)	Includes fees to prepare affidavit(s).	
Notification of stock acquisition to the Bank of Japan (through proxy)		
Tax and social insurance notices (through proxy)		
Paid-in capital		
Paid-in capital	Although establishment with capital of 1 yen is possible under the Companies Act of Japan, you need to invest 5 million yen or more if you are in receipt of an "Business Manager" visa status. * The Tokyo Metropolitan Government, Fukuoka city and Niigata city, etc. have started accepting applications for the "Startup Visa Program" (Entrepreneurial Incentives for Foreigners). (For more information: How to Set Up Business in Japan: Section 2. Promoting acceptance of foreign entrepreneurs)	
Obtaining visas		
Temporary visitor visa (Short-term stay visa)	Not required for citizens of countries with which Japan has visa exemption agreements; View list of 68 countries (as of July 2017) on Ministry of Foreign Affairs website.	
Certificate of eligibility through proxy (Work or long-term stay visa)	Commission to professional (proxy) varies depending on type of visa.	
Setting up an office		
Rent (3 months) for temporary office (includes security deposit)	Assumed using temporary office for three months until finding the official office. Rental fees and required deposits vary among the private companies and public organizations that offer such facilities. JETRO IBSCs provide free temporary office space (for up to 50 business days).	
Monthly rent (do not include maintenance fee)		
Security deposit (approximately 10 months of rent)	<b>Based on rates for a 50 sq.m office in one of Tokyo's five major districts (Source: "Office Market Data for small-scale office buildings, June 2018" , Sanko Estate).</b> Security deposit is equivalent to ten months' rent.	
Real estate brokerage fee (equivalent to one month's rent)		
Basic office furnishings (desks, chairs, etc.)	New items bought at major office equipment stores.	Cost-savings is possible through leasing equipment or buying items second hand. Rental serviced offices are generally furnished with desks, chairs and equipment such as telephones.
Basic office equipment (computers, printers, phones, etc.)	New items bought at major electronics retail stores.	
Communication costs (basic monthly fee for internet and telephone, internet initial cost)	Same provider for fixed telephone, cell phone and Internet service. Subscription fee for fixed telephone is not included.	
Fire and accident insurance (one-year policy)	Covers costs for damage to building/office equipment due to fire, lighting/flood and theft.	
Hiring local personnel		
Fee paid to recruiting agency for hiring a manager	Equivalent to 35% of expected first year salary (JPY 10 million)	
Setting up housing (for foreign national)		
Rent (3 months) for temporary housing (in extended-stay apartment)	Assumed living in a temporary housing for 3 months until finding an apartment. 20 to 30 sq.m	
Monthly rent (includes maintenance fee)	Based on average rent for 60 to 70 sq.m apartment in Tokyo's Minato ward.	
Deposit two month's rent, key money two month's rent.(*)	There has been an increasing trend towards properties that reduce the deposit and key money amounts or do not require them at all.	
Real estate brokerage fee (equivalent to one month's rent)		

## Setting Up a Subsidiary Company (Kabushiki Kaisha)

	Tokyo	Sapporo	Sendai	Yokohama	Nagoya	Osaka	Kobe	Hiroshima	Fukuoka
<b>Company establishment and tax notices</b>		(All figures shown in \$US; 1 \$US=JPY111.28)							
Costs to register company	2,250	2,250							
Name seals for company and personal use	270	270							
Company registration and notifications (through proxy)	2,250	2,250							
Notification of stock acquisition to the Bank of Japan (through proxy)	270	270							
Tax and social insurance notices (through proxy)	1,800	1,800							
<b>Subtotal</b>	<b>6,840</b>	<b>6,840</b>							
<b>Paid-in capital</b>									
Paid-in capital	44,940	44,940							
<b>Subtotal</b>	<b>44,940</b>	<b>44,940</b>							
<b>Obtaining visas</b>									
Temporary visitor visa (Short-term stay visa)	0	0							
Certificate of eligibility through proxy (Work or long-term stay visa)	1,800	1,800							
<b>Subtotal</b>	<b>1,800</b>	<b>1,800</b>							
<b>Setting up an office</b>									
Rent (3 months) for temporary office (includes security deposit)	0-8,990	0-8,990							
Monthly rent (do not include maintenance fee)	2,090	1,000	1,210	1,410	1,200	1,230	1,190	1,250	1,280
Security deposit (approximately 10 months of rent)	20,850	9,970	12,130	14,110	11,950	12,310	11,860	12,490	12,760
Real estate brokerage fee (equivalent to one month's rent)	2,090	1,000	1,210	1,410	1,200	1,230	1,190	1,250	1,280
Basic office furnishings (desks, chairs, etc.)	1,260	1,260							
Basic office equipment (computers, printers, phones, etc.)	2,970	2,970							
Communication costs (basic monthly fee for internet and telephone, internet initial cost)	220	220							
Fire and accident insurance (one-year policy)	220	220							
<b>Subtotal</b>	<b>29,700</b>	16,640	19,220	21,600	19,020	19,440	18,910	19,660	19,990
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	<b>38,690</b>	<b>25,630</b>	<b>28,210</b>	<b>30,590</b>	<b>28,010</b>	<b>28,430</b>	<b>27,900</b>	<b>28,650</b>	<b>28,980</b>
<b>Hiring local personnel</b>									
Fee paid to recruiting agency for hiring a manager	31,460	21,570	23,200	25,360	26,430	25,740	22,470	24,610	23,720
<b>Subtotal</b>	<b>31,460</b>	<b>21,570</b>	<b>23,200</b>	<b>25,360</b>	<b>26,430</b>	<b>25,740</b>	<b>22,470</b>	<b>24,610</b>	<b>23,720</b>
<b>Setting up housing (for foreign national)</b>									
Rent (3 months) for temporary housing (in extended-stay apartment)	5,380	2,570	3,130	3,640	3,080	3,170	3,060	3,220	3,290
Monthly rent (includes maintenance fee)	2,830	990	960	1,880	1,340	1,490	1,580	1,190	1,360
Deposit two month's rent, key money two month's rent. (*)	11,290	3,950	3,850	7,510	5,360	5,970	6,330	4,740	5,430
Real estate brokerage fee (equivalent to one month's rent)	2,830	990	960	1,880	1,340	1,490	1,580	1,190	1,360
<b>Subtotal</b>	<b>22,330</b>	<b>8,500</b>	<b>8,900</b>	<b>14,910</b>	<b>11,120</b>	<b>12,120</b>	<b>12,550</b>	<b>10,340</b>	<b>11,440</b>
<b>Grand Total</b>	<b>137,070</b>	<b>100,290</b>	<b>104,900</b>	<b>115,450</b>	<b>110,150</b>	<b>110,880</b>	<b>107,510</b>	<b>108,190</b>	<b>108,730</b>
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	<b>146,060</b>	<b>109,280</b>	<b>113,890</b>	<b>124,440</b>	<b>119,140</b>	<b>119,870</b>	<b>116,500</b>	<b>117,180</b>	<b>117,720</b>
<b>Comparison with Tokyo and other regions</b>	<b>100%</b>	<b>75%</b>	<b>78%</b>	<b>85%</b>	<b>82%</b>	<b>82%</b>	<b>80%</b>	<b>80%</b>	<b>81%</b>

(\*) A security deposit equivalent to few months' rent is typically required when renting in the Kobe-Osaka area: some of the deposit, however, is usually refunded upon vacating the premises.

## Setting Up a Branch

	Tokyo	Sapporo	Sendai	Yokohama	Nagoya	Osaka	Kobe	Hiroshima	Fukuoka
(All figures shown in \$US; 1 \$US=JPY111.28)									
<b>Company establishment and tax notices</b>									
Costs to register company	900	900							
Name seals for company and personal use	270	270							
Company registration and notifications (through proxy)	1,800	1,800							
Notification of stock acquisition to the Bank of Japan (through proxy)	-	-							
Tax and social insurance notices (through proxy)	1,800	1,800							
<b>Subtotal</b>	<b>4,770</b>	<b>4,770</b>							
<b>Obtaining visas</b>									
Temporary visitor visa (Short-term stay visa)	0	0							
Certificate of eligibility through proxy (Work or long-term stay visa)	1,800	1,800							
<b>Subtotal</b>	<b>1,800</b>	<b>1,800</b>							
<b>Setting up an office</b>									
Rent (3 months) for temporary office (includes security deposit)	0-8,990	0-8,990							
Monthly rent (do not include maintenance fee)	2,090	1,000	1,210	1,410	1,200	1,230	1,190	1,250	1,280
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Real estate brokerage fee (equivalent to one month's rent)	2,090	1,000	1,210	1,410	1,200	1,230	1,190	1,250	1,280
Basic office furnishings (desks, chairs, etc.)	1,260	1,260							
Basic office equipment (computers, printers, phones, etc.)	2,970	2,970							
Communication costs (basic monthly fee for internet and telephone, internet initial cost)	220	220							
Fire and accident insurance (one-year policy)	220	220							
<b>Subtotal</b>	<b>29,700</b>	16,640	19,220	21,600	19,020	19,440	18,910	19,660	19,990
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	<b>38,690</b>	<b>25,630</b>	<b>28,210</b>	<b>30,590</b>	<b>28,010</b>	<b>28,430</b>	<b>27,900</b>	<b>28,650</b>	<b>28,980</b>
<b>Hiring local personnel</b>									
Fee paid to recruiting agency for hiring a manager	31,460	21,570	23,200	25,360	26,430	25,740	22,470	24,610	23,720
<b>Subtotal</b>	<b>31,460</b>	<b>21,570</b>	<b>23,200</b>	<b>25,360</b>	<b>26,430</b>	<b>25,740</b>	<b>22,470</b>	<b>24,610</b>	<b>23,720</b>
<b>Setting up housing (for foreign national)</b>									
Rent (3 months) for temporary housing (in extended-stay apartment)	5,380	2,570	3,130	3,640	3,080	3,170	3,060	3,220	3,290
Monthly rent (includes maintenance fee)	2,830	990	960	1,880	1,340	1,490	1,580	1,190	1,360
Deposit two month's rent, key money two month's rent. (*)	11,290	3,950	3,850	7,510	5,360	5,970	6,330	4,740	5,430
Real estate brokerage fee (equivalent to one month's rent)	2,830	990	960	1,880	1,340	1,490	1,580	1,190	1,360
<b>Subtotal</b>	<b>22,330</b>	<b>8,500</b>	<b>8,900</b>	<b>14,910</b>	<b>11,120</b>	<b>12,120</b>	<b>12,550</b>	<b>10,340</b>	<b>11,440</b>
<b>Grand Total</b>	<b>89,989</b>	<b>53,280</b>	<b>57,890</b>	<b>68,440</b>	<b>63,140</b>	<b>63,870</b>	<b>60,500</b>	<b>61,180</b>	<b>61,720</b>
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	<b>98,980</b>	<b>62,270</b>	<b>66,880</b>	<b>77,430</b>	<b>72,130</b>	<b>72,860</b>	<b>69,490</b>	<b>70,170</b>	<b>70,710</b>
<b>Comparison with Tokyo and other regions</b>	<b>100%</b>	<b>63%</b>	<b>68%</b>	<b>78%</b>	<b>73%</b>	<b>74%</b>	<b>70%</b>	<b>71%</b>	<b>71%</b>

(\*) A security deposit equivalent to few months' rent is typically required when renting in the Kobe-Osaka area: some of the deposit, however, is usually refunded upon vacating the premises.