

Labor Contracts Act

(Act No. 128 of December 5, 2007)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to contribute to achieving stability in individual labor relationships while protecting workers by ensuring that reasonable working conditions are decided on and reasonable changes to working conditions are made smoothly, by providing for the principle of agreement, under which a labor contract is to be established or changed by agreement through voluntary negotiation between a worker and an employer, and other basic matters concerning labor contracts.

(Definitions)

- Article 2 (1) The term "Worker" as used in this Act means a person who works by being employed by an employer and to whom wages are paid.
- (2) The term "Employer" as used in this Act means a person who pays wages to the Workers the Employer employs.

(Principles of a Labor Contract)

- Article 3 (1) A labor contract is to be concluded or changed between a Worker and an Employer by agreement on an equal basis.
- (2) A labor contract is to be concluded or changed between a Worker and an Employer while giving consideration to the balance of treatment according to the actual conditions of work.
- (3) A labor contract is to be concluded or changed between a Worker and an Employer while giving consideration to work-life balance.
- (4) A Worker and an Employer must comply with the labor contract, and must

exercise their rights and perform their obligations in good faith.

(5) When exercising their rights under a labor contract, a Worker and an Employer must not abuse such right.

(Promotion of Understanding of the Contents of a Labor Contract)

Article 4 (1) An Employer is to ensure that a Worker gains an in-depth understanding of the working conditions and the contents of the labor contract presented to the Worker.

(2) A Worker and an Employer are to confirm the contents of the labor contract (including matters concerning a fixed-term labor contract), whenever possible in writing.

(Consideration to the Safety of a Worker)

Article 5 In association with a labor contract, an Employer is to give the necessary consideration to enable a Worker to work while ensuring their physical safety.

Chapter II Establishment of and Changes to a Labor Contract

(Establishment of a Labor Contract)

Article 6 A labor contract is established by agreement between a Worker and an Employer on the basis that the Worker will work by being employed by the Employer and the Employer will pay wages for such work.

Article 7 If a Worker and an Employer conclude a labor contract, and the Employer has informed the Worker of the rules of employment that provide for reasonable working conditions, the contents of the labor contract are to be based on the working conditions provided by such rules of employment; provided, however, that this does not apply to any portion of the labor contract in which the Worker and the Employer have agreed on working conditions that are different from the contents of the rules of employment, except in cases that fall under Article 12.

(Change to the Contents of a Labor Contract)

Article 8 A Worker and an Employer may, by agreement, change any working conditions that constitute the contents of a labor contract.

(Change to the Contents of a Labor Contract Based on Rules of Employment)

Article 9 An Employer may not change any of the working conditions that constitute the contents of a labor contract in a manner disadvantageous to a Worker by changing the rules of employment, unless an agreement to do so has

been reached with the Worker; provided, however, that this does not apply to the cases set forth in the following Article.

Article 10 When an Employer changes the working conditions by changing the rules of employment, if the Employer informs the Worker of the changed rules of employment, and if the change to the rules of employment is reasonable in light of the extent of the disadvantage to be incurred by the Worker, the need for changing the working conditions, the appropriateness of the contents of the changed rules of employment, the status of negotiations with a labor union or the like, or any other circumstances pertaining to the change to the rules of employment, the working conditions that constitute the contents of a labor contract are to be in accordance with such changed rules of employment; provided, however, that this does not apply to any portion of the labor contract which the Worker and the Employer have agreed on as being the working conditions that are not to be changed by any change to the rules of employment, except in cases that fall under Article 12.

(Procedure for Changing the Rules of Employment)

Article 11 Procedures for changing the rules of employment are governed by the provisions of Article 89 and Article 90 of the Labor Standards Act (Act No. 49 of 1947).

(Labor Contract in Violation of the Rules of Employment)

Article 12 A labor contract that stipulates any working conditions that do not meet the standards established by the rules of employment is invalid with regard to such portions. In this case, the portions which have become invalid are governed by the standards established by the rules of employment.

(Relationship of the Rules of Employment with Laws and Regulations and Collective Agreements)

Article 13 If the rules of employment violate any law or regulations or collective agreement, the provisions of Article 7, Article 10 and the preceding Article do not apply to a labor contract with a Worker to whom said law or regulations or collective agreement applies, with regard to said portion in violation.

Chapter III Continuation and Termination of a Labor Contract

(Temporary Transfer)

Article 14 If an Employer may order the temporary transfer of a Worker, and such order of temporary transfer is found to be an abuse of rights in light of the need for such temporary transfer, the circumstances pertaining to the selection

of the Worker to be temporarily transferred, or any other circumstances, such order is invalid.

(Disciplinary Action)

Article 15 If an Employer may take disciplinary action against a Worker, and such disciplinary action lacks objectively reasonable grounds and is not found to be appropriate in general societal terms in light of the characteristics and mode of the act committed by the Worker pertaining to such disciplinary action and any other circumstances, such disciplinary order is be treated as an abuse of rights and is invalid.

(Dismissal)

Article 16 If a dismissal lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms, it is treated as an abuse of rights and is invalid.

Chapter IV Fixed-Term Labor Contract

(Dismissal During the Contract Term)

Article 17 (1) With regard to a labor contract that has a fixed term (hereinafter referred to in this Chapter as a "fixed-term labor contract") , an Employer may not dismiss a Worker until the expiration of the term of such labor contract, unless there are unavoidable circumstances.

(2) With regard to a fixed-term labor contract, an Employer must give consideration to not renewing such labor contract repeatedly as a result of prescribing a term that is shorter than necessary in light of the purpose of employing the Worker based on such labor contract.

(Conversion of a Fixed-term Labor Contract to a Labor Contract Without a Fixed Term)

Article 18 (1) If a Worker whose total contract term of two or more fixed-term labor contracts (excluding any contract term which has not started yet; the same applies hereinafter in this Article) concluded with the same Employer (referred to as the "total contract term" in the next paragraph) exceeds five years applies for the conclusion of a labor contract without a fixed term before the date of expiration of the currently effective fixed-term labor contract, to begin on the day after the said date of expiration, it is deemed that the said Employer accepts the said application. In this case, the labor conditions that are the contents of said labor contract without a fixed term are to be the same as the labor conditions (excluding the contract term) of the currently effective fixed-term labor contract (excluding parts separately provided for with regard

to the said labor conditions (excluding the contract term)).

- (2) In between the expiration date of the preceding fixed-term labor contract and the start date of the following one with the same Employer, if there is a period of time outside of these two contract terms (excluding a period outside of either of the said contract terms which falls under the standards provided by Ordinance of the Ministry of Health, Labour and Welfare, provided that these contract terms be regarded as continuous; hereinafter referred to as a "vacant term" in this paragraph) and the said vacant term is six months or longer (if the contract term of one fixed-term labor contract which expired just before the said vacant term (if there is no vacant term between the contract terms of two or more fixed-term labor contracts including the said first one, the aggregate term of the said two or more contracts; the same applies hereinafter in this paragraph) is less than one year, the length of a term given by Ordinance of the Ministry of Health, Labour and Welfare, based on the length of a term determined as being one half of the said first contract term), the contract term of the fixed-term that expired before the said vacant term is not included in the total contract term.

(Renewal of a Fixed-term Labor Contract)

Article 19 If, by the expiration date of the contract term of a fixed-term labor contract which falls under any of the following items, a Worker applies for a renewal of the said fixed-term labor contract, or if a Worker applies for the conclusion of another fixed-term labor contract without delay after the said contract term expires, and the Employer's refusal to accept the said application lacks objectively reasonable grounds and is not found to be appropriate in general societal terms, it is deemed that the Employer accepts the said application with the same labor conditions as the contents of the prior fixed-term labor contract:

- (i) the said fixed-term labor contract has been repeatedly renewed in the past, and it is found that terminating the said fixed-term labor contract by not renewing it when the contract term expires is, in general social terms, equivalent to terminating a labor contract without a fixed term by expressing the intention to fire a Worker who has concluded the said labor contract without a fixed term;
- (ii) it is found that there are reasonable grounds upon which the said Worker expects the said fixed-term labor contract to be renewed when the said fixed-term labor contract expires.

Chapter V Miscellaneous Provisions

(Special Provisions on Mariners)

Article 20 (1) The provisions of Article 12 and the preceding Article do not apply to mariners, to whom the Mariners Act (Act No. 100 of 1947) applies (referred to as "mariners" in the following paragraph).

(2) With regard to mariners, the term "Article 12" in Article 7 is deemed to be replaced with "Article 100 of the Mariners Act (Act No. 100 of 1947)", the term "Article 12" in Article 10 is deemed to be replaced with "Article 100 of the Mariners Act", the term "Article 89 and Article 90 of the Labor Standards Act (Act No. 49 of 1947)" in Article 11 is deemed to be replaced with "Article 97 and Article 98 of the Mariners Act," and the term "the preceding Article" in Article 13 is deemed to be replaced with "Article 100 of the Mariners Act."

(Exclusion from Application)

Article 21 (1) This Act does not apply to national public officers or local public officers.

(2) This Act does not apply to a labor contract if an Employer only employs a relative(s) who lives with the Employer.

Supplementary Provisions [Extract]

(Effective Date)

Article 1 This Act comes into effect as of a date provided by a cabinet order within a scope not exceeding three months from the date of promulgation.

Supplementary Provisions [Act No. 56 of August 10, 2012]

(Effective Date)

(1) This Act comes into effect as of the date of promulgation. However, the provisions of Article 2 and the next paragraph and paragraph (3) of Supplementary Provisions come into effect as of the date provided by a cabinet order within one year from the date of promulgation.

(Transitional Measures)

(2) The provisions of Article 18 of the Labor Contracts Act after the revision by the provisions of Article 2 (hereinafter referred to as the "New Labor Contracts Act") are applied to a fixed-term labor contract where a day on or after the effective date provided by the proviso of the preceding paragraph is determined as the first day of the contract term, and the contract term of a fixed-term labor contract where a day before the effective date provided by the proviso of the same paragraph is determined as the first day is not included in the total contract term provided by paragraph (1) in the same Article.

(Review)

- (3) The Government is to review the provisions of Article 18 of the New Labor Contracts Act taking the situations after the enforcement of the provisions into account and is to take necessary measures, based on the outcomes of the review, if it is found to be necessary, at the time when eight years have lapsed since the enforcement of the provisions provided by the proviso of paragraph (1) of Supplementary Provisions.

Supplementary Provisions [Act No. 71 of July 6, 2018] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2019; provided, however, that the provisions specified in the following items come into effect on the dates set forth in those items:

- (ii) the provisions of Article 5 (other than the provisions amending Articles 44 through 46 of the Worker Dispatching Act); the provisions of Articles 7 and 8; the provisions of Article 6; Article 7, paragraph (1); Article 8, paragraph (1); and Articles 9, 11, 13, and 17 of the Supplementary Provisions; the provisions of Article 18 of the Supplementary Provisions (other than the provisions forth in the preceding item), the provisions of Article 19 of the Supplementary Provisions (other than the provisions set forth in the preceding item); the provisions of Article 20 of the Supplementary Provisions (other than the provisions set forth in the preceding item); the provisions of Articles 21, 23, and 26 of the Supplementary Provisions; and the provisions of Article 28 of the Supplementary Provisions (excluding the provisions specified in the preceding item): April 1, 2020

(Transitional Measures for Applying the Part-Time and Fixed-Term Employment Act)

Article 11 Until March 31, 2021, the provisions of Article 2, paragraph (1); Article 3; Section 1 of Chapter III (other than Article 15 and Article 18, paragraph (3)); and Chapter IV (other than Articles 26 and 27) of the Act on Improvement of Personnel Management and Conversion of Employment Status for Part-Time Workers and Fixed-Term Workers (referred to as the "Part-Time and Fixed-Term Employment Act" in this Article), as amended by the provisions of Article 7, do not apply to small and medium-sized employers. This being the case, the provisions of Articles 2 and 3, Section 1 of Chapter III (other than Article 15 and Article 18, paragraph (3)), and Chapter IV (other than Articles 26 and 27) of the Act on Improvement of Personnel Management and Conversion of Employment Status for Part-Time Workers as before its amendment by the provisions of Article 7, and the provisions of Article 20 of

the Labor Contracts Act as before its amendment by the provisions of Article 8, remain in force.

(Review)

Article 12 (1)

(3) Beyond as provided in the preceding two paragraphs, approximately five years after this Act enters into effect, the government is to review the provisions of each of the relevant Acts following their amendment by this Act (referred to as "each amended Act" hereinafter in this paragraph) in consideration of things such as the enforcement status of each amended Act, from the standpoint of achieving work/life balance, improving working conditions, ensuring equalized treatment among workers with different forms of employment and employment formats, and otherwise enriching workers' working lives through actions such as prompting dialogues between workers and employers; and, on finding that there is a need to do so, it is to take the required measures based on the results of its review.