

VLT Legal Update

March 2024

Amendments Requiring Some Working Conditions Be Explicitly Stated

On March 30, 2023, the Ordinance for Enforcement of the Labor Standards Act, which indicates which working conditions must be explicitly stated, was amended to require that several additional working conditions be explicitly stated. The amendments will take effect as of April 1, 2024.

Explicitly Stated Working Conditions for All Types of Employees

The newly added working conditions which must be explicitly stated in newly entered into employment contracts for all types of employees are “the scope of possible changes in relation to the workplace and work engaged in”. Previously, the “workplace and work engaged in” only needed to be explicitly stated for new hires. However, starting on April 1, 2024, the scope of possible changes in relation to the workplace and work engaged in also needs to be explicitly stated at the time a company enters into any employment contract. This includes any new employment contracts with any current employees (as well as with respect to the contract renewal of fixed-term employees).

For example, if there is a possibility that an employee will be transferred to a company’s overseas office, such possibility needs to be explicitly stated as being within the “scope of change”. In addition, if there is a possibility that an employee will be ordered to engage in a different type of work (for example, an employee is originally employed to conduct sales activities, but there is a possibility that later the employee will be transferred to a technical support engineer position), such possibility needs to also be explicitly stated as being within the “scope of change”.

Please also note that if a company does not anticipate or want to make any changes in relation to the workplace and work engaged in, such fact also needs to be stated.

Explicitly Stated Working Conditions for Fixed-Term Employees

Renewal Limits

Starting April 1, 2024, for fixed-term employment contracts, the maximum number of times or the maximum total duration of any renewals) needs to be explicitly stated.

In addition, the amended “guidance” which also takes effect as of April 1, 2024, which states that when a limit is newly set or when a limit is reduced, an explanation must be provided in advance. For example, if the total duration limit for the fixed-term employment is set as five years under the current fixed-term employment contract, but the maximum duration will be changed to a total of three years, then an explanation should be provided such as due to market changes, there is a reduced need for the employee’s duties.

Right to Convert Employment Contract

Under Japanese law, if the total renewed duration for a fixed-term employment contract will reach or exceed 5 years, the employee has the right to request that his/her employment contract be converted into a non-fixed-term contract.

Additional Links

Note the following links are Japanese language only:

- [MHLW Useful Links Page](#)
- [MHLW Brochure](#)
- [MHLW Q&A](#)

Starting April 1, 2024, the following conditions need to be explicitly stated at the time a company enters into a fixed-term employment contract in which the right to request conversion is triggered:

- (i) the fact that the employee has the right to request that his/her contract be converted into a non-fixed-term employment contract and that when the request is made, the employment contract will become a non-fixed term contract after the expiry of the current fixed-term employment; and
- (ii) the terms and conditions of the non-fixed term employment contract after the employee has exercised the right to request conversion.

For example, if an employee is on a three-year fixed-term contract and the three-year contract is about to expire (Contract 1) and then the employee and the employer agree to renew the employment relationship for another three years (Contract 2), the employee will have the right to request that his/her contract be converted into non-fixed term employment as of the start of Contract 2. In such case, when both parties have agreed to renew the agreement, (i) and (ii) above need to be explicitly stated.

Please note that if an employee does not exercise the right to request conversion during the fixed-term of employment and the employer and employee again agree to renew the fixed-term employment (e.g. Contract 3 in the example above), since the employee still has the right to request conversion, (i) and (ii) again need to be explicitly stated. In addition, (ii) also needs to be explicitly stated when the conversion right is exercised, and the parties actually enter into a non-fixed-term employment contract.