

# Outline of the amendment labor contract act

## ***1. Summary of the amendment/revised labor contract act - 3 points of revision-***

### **(1) Conversion of “fixed term employment contract” to “contract of employment without term” (article 18)**

In the case that the fixed term employment contract is renewed for a further 5 years over again, the employer has to convert to “the contract of employment without terms” upon the employee’s request.

### **(2) Renewal of fixed term employment contract etc. (article 19)**

Several precedents related with cessation of employment have been enshrined into law.

### **(3) Prohibition against illogical labor condition due to fixed term employment contract (article 20)**

In the case that working conditions for employees with fixed terms are different from one for employee without term. This difference must not be illogical.

\*article 19 took effect from August 10, 2012.

\*\*article 18 & 20 would take effect from April 1, 2013.

The following passages describe the above summary No. (1).

## ***2. Conversion of “fixed term employment” to “contract of employment without term”***

### **(1) Points (Requirements)**

- ① Number of times for renewal: at least once
- ② Total terms: more than 5 years
- ③ The fixed-term employee needs to request before the expiration date of current contract  
(Exercise employee’s rights to application for the employment without term)

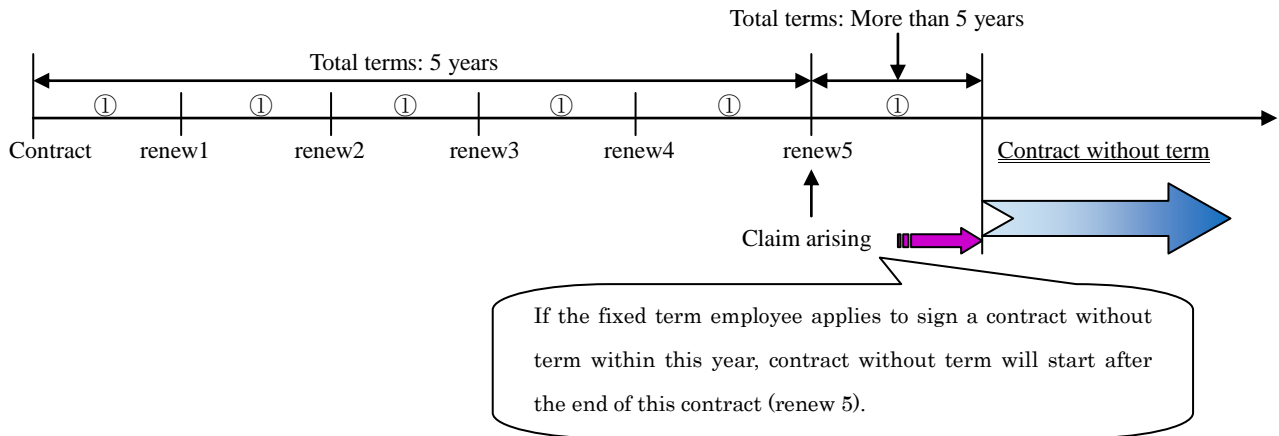


***Employer has to assent employer’s application without condition.***

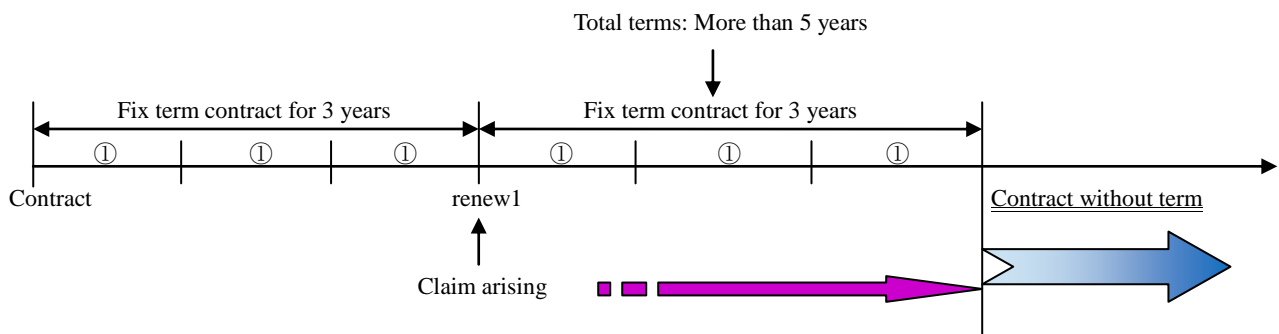
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3. Concrete example

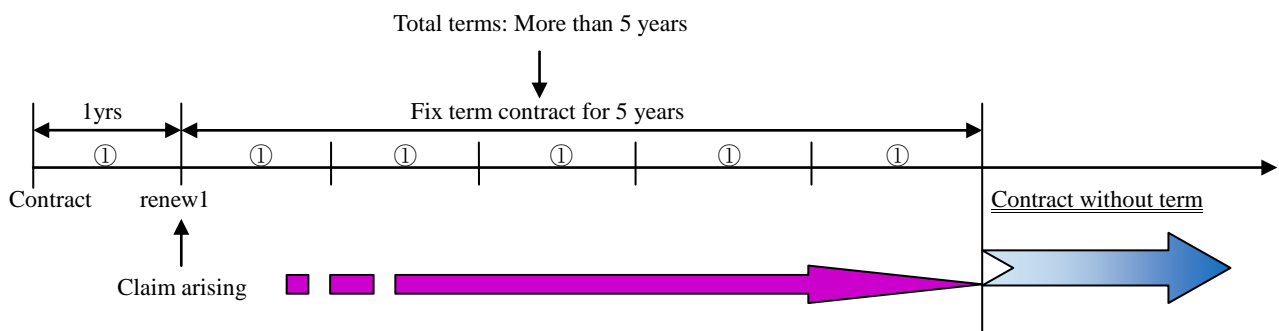
**Case1: Renewal of fixed term contract for 1 year.**



**Case2: Renewal of fixed term contract for 3 year**

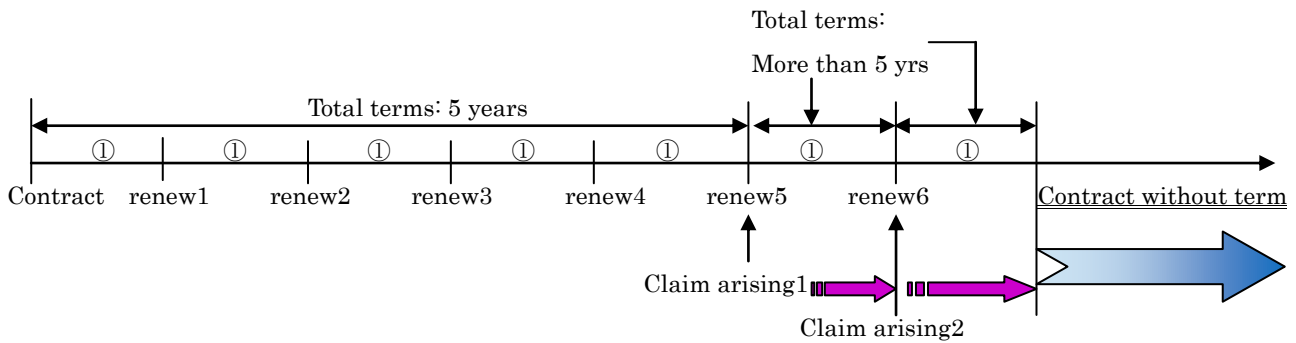


**Case3: After 1 year of fixed term contract, employer signs with employee with specialized knowledge and skills for 5 years.**



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**Case4: renewal of fixed term contract for 1 year.**

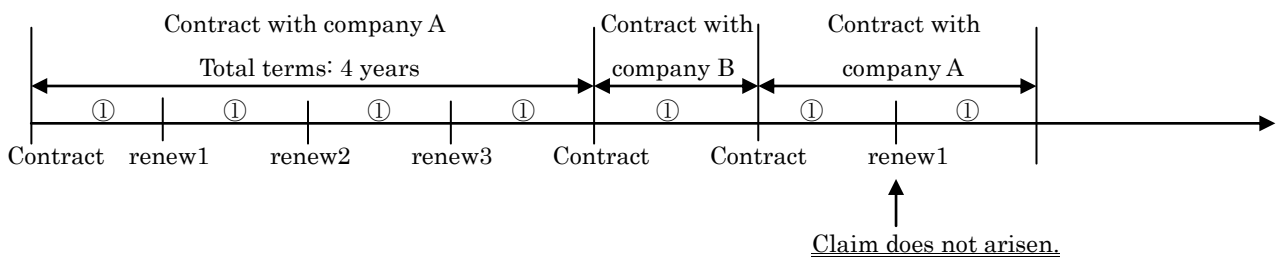


When the employee doesn't claim the application of the contract without terms at the renewal 5, claim arising 1 determines. And then claim arising 2 arises at the renewal 6.

**4. Exception rule (blank period)**

In cases where the fixed term contract is signed between the same employer and the same employee with the fixed term again after an interval, this interval is considered "the blank period" (\*). And then all fixed term contracts which had been ended before this interval shall not be counted in the total terms.

\*more than 6 months or others



Total terms of the contracts with company A is more than 5 years. However this employee works for another employer in midstream. This period is the blank period. Therefore the arising claim has not risen.

For future correspondence or any other queries, please contact us by email.

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