

June 2024

## Amendment of Status of Residence Regarding Digital Nomads

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### 1. Introduction

Under the Immigration Control and Refugee Recognition Act of Japan (the “**Immigration Control Act**”), a foreign national who wishes to enter Japan to conduct certain activities prescribed under the Public Notice on Designated Activities may do so after obtaining the necessary visa. On March 31, 2024, a public notice<sup>1</sup> was enforced to amend the Public Notice on Designated Activities<sup>2</sup> (the “**Amendment**”), as a result of which the scope of the “Designated Activities” (see further below) has been expanded to include the so-called “digital nomad” visa.

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<sup>1</sup> Ministry of Justice Notification No. 80 of 2024.

<sup>2</sup> “Specifying the Activities Listed in the Lower Column of the Table of Appended Table I (5) of the Immigration Control and Refugee Recognition Act Pursuant to the Provisions of Article 7, Paragraph 1, Item 2 of the Same Act” (Ministry of Justice Notification No. 131 of 1990) (<https://www.moj.go.jp/isa/content/001360125.pdf> (available only in Japanese)).

## 2. Overview of “Designated Activities” System and Background of Amendment

### 2.1 “Designated Activities” Specified as One of the Statuses of Residence

The Immigration Control Act sets out the categories of activities (“residence activities”) that foreign nationals may engage in to enter and reside in Japan, and defines the status (“status of residence”) in which they can engage in such residence activities. While “Designated Activities” is specified as one of the statuses of residence, activities that correspond to “Designated Activities” are defined as “activities which are specifically designated by the Minister of Justice for individual foreign nationals” (Appended Table I (5) of the Immigration Control Act). The content of the Designated Activities is defined by the Public Notice on Designated Activities (Article 7, Paragraph 1, Item 2 of the Immigration Control Act).

### 2.2 Background of Amendment

The “Grand Design and Action Plan for a New Form of Capitalism 2023 Revised Version”, which was approved by the Cabinet in June 2023, mentioned that as part of the Japanese government’s efforts to attract more foreign entrepreneurs and investors to Japan, it aimed “to attract international remote workers (so-called “digital nomads”), identify and analyze issues, including visa and residency status, and a system will be established within this fiscal year”. Based on the said Grand Design and Action Plan, the Amendment was made to allow digital nomads to work remotely within Japan<sup>3</sup>.

Digital nomads are attracting attention globally as those who can contribute to increasing local consumption and creating innovation through the collaboration of local human resources. Other countries are already implementing a residence system to attract such digital nomads. It is expected that promoting the acceptance of digital nomads in Japan will also have a positive economic effect through an increase in inbound tourism, and lead to the promotion of innovation in Japan through exchanges between digital nomads and Japanese people<sup>4</sup>.

## 3. Key Points of the Amendment

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<sup>3</sup> Immigration Services Agency, Policy Division, “Overview of ‘(Draft) Partial Amendment to Specifying the Activities Listed in the Lower Column of the Table of Appended Table I (5) of the Immigration Control and Refugee Recognition Act Pursuant to the Provisions of Article 7, Paragraph 1, Item 2 of the Same Act’, etc.” (<https://public-comment.e-gov.go.jp/servlet/PcmFileDownload?seqNo=0000271997> (available only in Japanese)).

<sup>4</sup> See Immigration Services Agency, Policy Division, “Attachment of the Results of Solicitation of Opinions on ‘(Draft) Partial Amendment to Specifying the Activities Listed in the Lower Column of the Table of Appended Table I (5) of the Immigration Control and Refugee Recognition Act Pursuant to the Provisions of Article 7, Paragraph 1, Item 2 of the Same Act’, etc.” (the “Public Comment”) (<https://public-comment.e-gov.go.jp/servlet/PcmFileDownload?seqNo=0000272130> (available only in Japanese)), No.1.

### 3.1 Status of Residence of Digital Nomads

Due to the Amendment, the scope of the “Designated Activities” has been expanded to include the following:

*“Activities that involve using information and communication technology in Japan to engage in business of the organization's business office located in a foreign country, based on an employment contract with a corporation or other foreign organization established in accordance with the laws and regulations of a foreign country or activities (excluding those that cannot be provided or sold without entering Japan) that involve providing services for a fee or selling goods, etc. to persons located in a foreign country using information and communication technology”* (Public Notice on Designated Activities No. 53)

Please note that, in principle, an applicant for the digital nomad visa is not permitted to engage in any activities other than those permitted under the status of residence, and is not permitted to work based on an employment contract, etc. with a Japanese public or private organization<sup>5</sup>.

In addition, in order to be granted the status of residence as a digital nomad, applicants are required to meet the following four requirements (Public Notice on Designated Activities No. 53 (a) through (d)) in addition to meeting the above definition:

- (i) The period of stay in Japan with the status of residence of “Designated Activities” for digital nomads must not exceed 6 months within a year;
- (ii) An applicant must be a national of a country that has entered into a tax treaty with Japan as well as from a country or region that has short-term stay visa exemption arrangements with Japan (this includes 49 countries and regions<sup>6</sup>);
- (iii) The annual income of an applicant must be at least JPY 10 million at the time of application; and
- (iv) An applicant must hold insurance that covers death, injury, or illness during his/her stay in Japan.

As stated in (i), the period of stay permitted for digital nomads is limited to 6 months, and renewal is not permitted<sup>7</sup>.

With respect to (ii), the tax treaties that Japan has entered into with foreign countries provide, based on the principle of reciprocity, that salaries earned by residents of the other countries who stay in Japan for a short period of time shall be exempt from tax. In order to limit the scope of this system to foreign nationals who are exempt from income tax in Japan under the tax treaties, the applicant must also meet the requirement that they are from a country that has entered into a tax treaty and who is exempted from income tax in Japan<sup>8</sup>.

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<sup>5</sup> Immigration Services Agency's website

([https://www.moj.go.jp/isa/applications/status/designatedactivities53\\_00001.html](https://www.moj.go.jp/isa/applications/status/designatedactivities53_00001.html)).

<sup>6</sup> Immigration Services Agency's website (<https://www.moj.go.jp/isa/content/001416932.pdf>).

<sup>7</sup> Note 3 above.

<sup>8</sup> See Public Comment No. 1.

The annual income requirement in (iii) was established with the aim of further stimulating the Japanese economy and increasing inbound tourism<sup>9</sup>.

### 3.2 Status of Residence of a Person Accompanying a Digital Nomad

In addition, in light of the purpose of the Amendment to further promote the acceptance of digital nomads in Japan, “*daily activities carried out as a supported spouse or child of an international remote worker*” (Public Notice on Designated Activities No. 54) has also been added as a Designated Activity. In order for an applicant to be granted a status of residence based on this Designated Activity, a person must be a national of a country or region that has visa exemption arrangements with Japan (including 70 countries and regions<sup>10</sup>) and he/she must hold insurance that covers death, injury, or illness during his/her stay in Japan. As is the case with digital nomads, the period of stay permitted is limited to 6 months, and renewal is not permitted.

## 4. Conclusion

It is expected that the increase in number of digital nomads in Japan will have a positive economic effect through an increase in inbound tourism. In this regard, shared offices for digital nomads have already been set up for their use in certain areas in Japan<sup>11</sup>. In addition, this system is expected to lead to regional revitalization as well, as demand for tourism by digital nomads is expected at the local government level, and it is expected that there will be an increase in the number of people who utilize this system in the future.

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<sup>9</sup> See Public Comment No. 11.

<sup>10</sup> Note 4 above.

<sup>11</sup> Nikkei, “The Next Pillars of Kansai Railway Companies are Real Estate, Leisure, Competing Individual Kansai Railways, Beyond the Tunnel (Second)”, March 28, 2024 (<https://www.nikkei.com/article/DGXZQOUF186LH0Y4A310C2000000/> (available only in Japanese)).

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