

Recent Labor Law Revisions

There were several revisions made to labor-related laws in 2020, which were scheduled to take effect in 2020-2022. This article will introduce outlines of major revisions to be noted particularly by HR personnel.

■ Securing Employment Opportunities up to the Age 70 (to take effect April 2021)

In 2012, as a result of successive revisions, the Act of Stabilization of Employment of Elderly Persons compulsorily obliges an employer to implement one of three measures to secure employment opportunities for elderly persons; namely, 1) raise the mandatory retirement age to over 60, 2) implement a continuous employment system after retirement up to the age of 65, or 3) abolish mandatory retirement. Currently, measure 2) seems to be the most adopted. The Act was further amended in 2020 to expand the coverage to the age of 70 and to take effect from April 2021. On the premise that the employment opportunity is secured until the age 65, the amended Act stipulates the employer's obligation of making efforts to implement one of the following measures. Unlike the revision of 2012, this is not a compulsory obligation with penalty clauses.

- (1) Raise the mandatory retirement age up to 70,
- (2) Implement a continuous employment system up to the age 70; selecting applicable employees is allowed, though not allowed until 65. The sufficient discussion between labor and management is desired for setting selection criteria.
- (3) Abolish mandatory retirement,
- (4) Contract continuously as an independent contractor until the age of 70 after 65, or
- (5) Implement the system to secure a continuous working opportunity with social contribution activities operated by
a) the employer or b) an employer-related organization

■ Employment Insurance for Employees Aged 65 and over (to take effect January 2022)

In 2017, corresponding to the increase of population of elderly persons who work after 65, the Employment Insurance application was extended to an employee who is newly hired at the age of 65 or over, if he/she satisfies two conditions: 1) his/her scheduled working hour per week is 20 or more, and 2) the employment period is expected to be 31 days or more. In 2020, the Act made another change effective from January 2022 to ease the requirements for participation in the Employment Insurance. It is likely that many elderly persons work on a part-time basis and in some cases a person works at two different employers with working hours less than 20 per week. The amended Act will enable those double-job workers to join the Employment Insurance when the total number of working hours at two companies is 20 or more.

■ Change to Prescription for Wage Claim (to take effect April 2020)

The Labor Standards Act stipulates provisions of prescription for claim of wages, retirement allowance, industrial accident compensation, etc. In connection with 2020 revisions to the Civil Code, the Act made some amendments to those provisions. From April 2020, the period for claiming wages will be extended to 5 years from 2 years. As a transitional treatment, however, a 3-year period will be applied for a certain period until further amendment is made. There is no change to 5 years for retirement allowance and 2 years for accident compensation claim. The right to claim annual paid vacation is also valid for 2 years with no change.

■ Extension of Retention Period of Employment Related Documents (to take effect April 2020)

As another amendment to the Labor Standards Act in connection with the revision to the Civil Code, the retention period for documents/data of personal information related to employment has been changed to 5 years from 3 years effective April 2020. For a certain period, however, the 3-year period shall remain as a transitional treatment. The applicable documents /data include employee registry, wage ledger, employment contract, termination letter, time and attendance record, etc.

