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Introduction of Japan B&B and Special Administrative Region B&B

The Japanese government legalized the operation of B&B for the first time by adding the concept of "Special Zone B&B" in the Hotel Industry Law in December 2013, and subsequently passed and implemented the Law on Residential B&B Business (hereinafter referred to as the "New Law on B&B"). The main purpose of the new law is to increase the number of B&B, further improve the utilization rate of land in Japan, lay a foundation for Japan's policy of "building the country through tourism", and at the same time crack down on illegal B&B, standardize the B&B market, and provide protection for the rights and interests of legal B&B operators.

In Japan, operators can operate B&B or special zone B&B, although the two business models are similar, but the legal basis and operating conditions of the two are different. For this purpose, Qiyuan will summarize and sort out the operating conditions and required materials of B&B and Special Zone B&B, and provide them to the existing and potential customers of Qiyuan for reference. We can provide assistance in renting houses in Japan. Please contact our professional consultants if necessary.

I. A home stay facility

1. Definition of home stay

Homestay (Japanese for "mooring") refers to the operator of a residence or part of its area for a fee to the accommodation of the behavior. Unlike Chinese, the term "homestay" in Japanese only refers to the practice of offering a portion of a residence's guest rooms for a fee, and the operator usually lives in the facility and provides local family cuisine and local entertainment (fishing, horseback riding, hot springs, etc.)."B&B" is a business model of "people mooring", which is similar to the Chinese "farmhouse music" and the English "homestay".

According to Japanese home stay facility the law article 2 of the first chapter, the home stay facility industry (Japanese for "residential SuBo career") refers to in addition to the hotels act stipulated in article 3 # 2 first outside of the operator (that is, the hotel business license operators) has been obtained for others of accommodation and accommodation business, business days within 1 year and shall not exceed 180 days. However, the implementation of the new law will further limit the number of business days (e.g., weekend operations only, etc.) in Japan's first-level jurisdictions. As of April 1, 2019, the only jurisdictions that have not increased the limit are Toshima Prefecture, Hachioji City, Gifu Prefecture and Wakayama Prefecture.

2. Declaration of home stay industry In Japan, the operation of homestay adopts the "application system" (" session out system "in Japanese), and the operator does not need to apply for relevant permits."Declaration system" refers to a system in which an act is not legally prohibited, but if it is in a state of laissez-faire, it may be illegal or criminal in the process, and in order to regulate the act, the doer has the obligation to inform the regulatory authorities in advance.

Therefore, the operator of the home stay industry before the formal operation of the home stay industry, to the local level government health care can be declared, after the declaration passed, will receive a notice from the local level government. According to the latest B&B law, B&B operators should submit the following materials when applying:

- (1) Personally identifiable information and address (if the operator is an individual) or the name and registered address of the legal person (if the operator is a legal person);
- (2) If the operator is a legal person, the personal identity information of all the directors, accounting personnel, supervisors, directors and liquidators of the legal person, the articles of association of the legal person and the registration certificate of the legal person shall be provided;
- (3) If the operator is a minor, it shall provide the personal identity information and address of its legal guardian; if the legal guardian is a legal person, it shall provide the legal person name and registered address;
- (4) The name and address of the home stay facility;
- (5) If there is a business office or office for the operation and management of B&B, the address of the business office or office shall be provided;
- (6) In case of entrustment of the management company of the B&B, the company name, registered address and the personal identity information of the directors, accountants, supervisors, directors and legal liquidators of the B&B shall be provided.
- (7) (4) and (5) plans for the facilities mentioned above;
- (8) The written commitment of the operator to comply with the relevant provisions of the New Law on Home Stay;
- (9) Other materials stipulated by the ordinance of the ministry of land, transport, health, labor and the ordinance of the homestay system of the first level administrative region.
- 3, Conditions for operator's declaration

The new law has no special requirements for home stay operators, but the following persons are not allowed to declare and operate home stay businesses:

- (1) Persons unable to operate the home stay business due to physical disability or mental disorder;
- (2) Persons who have not been reinstated after applying for bankruptcy proceedings;
- (3) It has been less than 3 years since the date of suspension of the business of a previous home stay business due to violation of the new law on home stay and relevant regulations on home stay;
- (4) It has been less than 3 years since the end of the execution of a sentence of imprisonment or more for a crime;
- (5) A person suspected of organizing or managing a violent group or a

member of a violent group;

- (6) Those who have renounced membership of violent groups for less than 5 years;
- (7) If the operator is a minor, his legal guardian shall be one of the persons in (1) ~ (6) above;
- (8) If the operator is a legal person, any one of its directors, accounting personnel, supervisors, directors or liquidators of the legal person shall be one of the persons listed in $(1) \sim (6)$ above.
- 4, Operating conditions of home stay facilities

According to the Implementation Rules of the Law of the Ministry of Land, Land and Transport on Residential Berths and the Implementation Rules of the Law of the Ministry of Health, Labor and Welfare on Residential Berths, the B&B facilities declared by the operators should meet the following conditions:

- (1) Each room per capita area is not less than 3.3 m^2 ;
- (2) Facilities regularly clean and ventilated;
- (3) The facility is equipped with emergency lighting equipment;
- (4) Facilities with Japanese and foreign language descriptions of the use of equipment, safety evacuation diagram, contact information of the administrator, etc.;
- (5) If there are no less than 6 guest rooms in the facility, or the operator does not live in the same facility with the resident, it shall entrust the resident dormitory administrator registered with the Ministry of Land, Infrastructure and Transport of Japan to manage the company for the homestay;
- (6) The operator of the home stay business shall report the number of business days to the government of the local administrative region at the first level every two months.

II. The SAR home stay facility

1. Definition of special home stay

According to the Japan national strategy special regional law, national strategy especially the foreigners living facilities running a business (Japanese for "national 戦 slightly foreigners in the particular area facilities 経 営 cause") refers to the Japanese national strategy, d.c., passengers will be suitable for foreigners lodging facilities within a certain period of time $(3 \sim 10 \text{ days})$ provided to lodging, accommodation required equipment and provide and service to enterprises. Although the law emphasizes "accommodation facilities for foreigners", it does not restrict the nationality of the guests. In Japan, such facilities are usually referred to as "special zone homestay" (" special zone homestay "in Japanese). According to the Cabinet Office, Japan's national strategic special areas include:

- (1) Tokyo Circle (including Tokyo, Kanagawa Prefecture, Narita and Chiba Prefecture)
- (2) Kansai Circle (including parts of Kyogo Prefecture, Osaka Prefecture and Hyogo Prefecture)
- (3) Niigata Prefecture Niigata City

- (4) Fukuoka City and Kitakyushu City, Fukuoka Prefecture
- (5) Hyogo Prefecture, Yoku City
- (6) Okinawa
- (7) Senbuku City, Akita Prefecture
- (8) Sendai City, Miyagi Prefecture
- (9) Aichi prefecture,
- (10) Hiroshima Prefecture and Imaji Prefecture, Ehime Prefecture

However, as of September 14, 2020, only in Chiba City, Tokyo Ota Ward, Osaka City, Osaka Prefecture Yako City, Osaka Prefecture Toryagawa City, Niigata City, Yoko City, Kitakyushu City successfully set up legal special zone homestays.

It is worth noting that at the present stage of the special zone home stay is not legally home stay industry. The biggest difference between B&B in Special Zone and B&B is that B&B in Special Zone is a special case in the hotel industry. There is no 180-day operation limit and it can be operated throughout the year. In addition, the operators of the hotel industry or home stay industry shall sign an accommodation contract when providing accommodation facilities to the lodging persons, while the operators of home stay facilities in the special zone shall sign a lease contract when providing accommodation facilities to the lodging persons.

2, Operating conditions of home stay facilities in special zones

According to the Implementation Order of the National Strategic Special Area Law of Japan, the following requirements shall be met in the operation of the accommodation facilities of the special homestay:

- (1) The facility must be located in a special national strategic area specified by the Cabinet Office of Japan;
- (2) The leasing days of the facility shall be within 3~10 days or a shorter period stipulated by the local government of the facility;
- (3) The area of all rooms in the facility reaches more than 25 m^2 ;
- (4) Locking of entrances, exits and Windows within the facility;
- (5) In addition to entrances and Windows, all rooms in the facility and the boundaries between rooms and corridors are constructed with walls;
- (6) The facilities are equipped with ventilation, daylighting, lighting, moisture-proof, drainage, air conditioning and heating equipment;
- (7) The facilities are equipped with kitchen, bathroom, toilet and wash table;
- (8) There are bedding, tables and chairs, storage tools, cooking utensils, cleaning appliances, etc.;
- (9) The facilities must be kept clean at the beginning of use by the occupants;
- (10) The facility must be equipped with equipment use instructions, emergency escape routes and other foreign language signs;
- (11) Before applying for the recognition of a special B&B facility, details should be explained to the residents in the surrounding area;
- (12) If the residents in the surrounding area complain about the operation of the facility, the operator should immediately and properly deal with the complaint;
- (13) Comply with the relevant requirements of the Hotel Industry Law.

Note: the government of each administrative region will promulgate the regulations on the implementation of home stay in the special zone to further

restrict the operating conditions. For specific requirements of each administrative region, you can contact qiyuan for consultation.

3, Application for special recognition

According to the National Strategic Special Area Law, operators of B&B facilities in special zones need to apply to relevant authorities of the local government for special identification (" specific identification "in Japanese). The application materials required by each administrative region are different. In the case of the city of Osaka, the materials required for the application are specifically identified as follows:

- (1) Application for Special Recognition (with the applicant's name and address, the name and address of the facility, the area of each room in the facility, etc.);
- (2) Resident certificate (applicant is a Japanese resident) or legal person registration certificate and legal person articles of association (applicant is a legal person);(If the applicant is a non-Japanese resident, please contact Kaiyuan for specific requirements)
- (3) Japanese and foreign language versions of the lease contract and relevant terms of use for the operation of the facilities;
- (4) Facility construction design drawing;
- (5) Explanatory information and explanatory records provided to residents in the vicinity of the facility;
- (6) The corresponding system for residents' complaints in the surrounding areas of facilities;
- (7) Notice of Compliance of Fire Protection Act;
- (8) Water quality inspection results;
- (9) If the facilities are leased (i.e. the premises of others are leased for the operation of a B&B in the Special Zone), the lease contract related to the facilities and the materials supporting the consent of the lessor to use the facilities for the operation shall be provided;
- (10) If the facility is a sub-sale item (e.g. the use of a room on a floor of an apartment building for the operation of a HKSAR B&B), materials proving that the item is not in breach of the regulations;
- (11) Facility peripheral schematic diagram;
- (12) Japanese and foreign language versions of the instructions for the use of equipment in the facility.
- 4, Special recognition of the application process
 - (1) For B&B in the special zone, the government of each administrative region has different requirements on the area, fire protection and construction period of accommodation facilities. The operators need to bring the relevant design drawings of the facilities to the relevant departments for consultation to determine whether the facilities they hold conform to the relevant laws and regulations.
 - (2) The applicant shall, according to the requirements of the local first-level administrative government, purchase the compliant fire-fighting equipment, and after the rectification of the facilities, submit the relevant materials to the relevant departments of the local government and pay the application fee;

- (3) After submitting the application, in order to ensure the authenticity of the materials submitted by the applicant, the staff of the relevant department will carry out on-site inspection of the facility itself and the surrounding area. If the inspection is passed, the Certificate of Inspection (" search economics card "in Japanese) and the Notice of Qualification for Fire Laws (" notice of fitness for fire laws" in Japanese) will be issued;
- (4) If the application materials and facilities are in accordance with the Japanese Tourism Law and the Enforcement Regulations of the Local Hotel Industry Law, the local authorities will recognize the facility applied by the operator as a special zone homestay.
- (5) Open for business.

References:

1. Introduction of Japanese Business License

2. Real estate in Japan

KAIZEN Group is equipped with experienced and highly qualified professional consultants and is therefore well positioned to provide professional advices and services in respect of the formation and registration of company, application for various business licences and permits, company compliance, tax planning, audit and accounting in China. Please call and talk to our professional consultants for details.

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