

## Comparison between Japan "Branch Office" & "Subsidiary Company"

	Branch Office	Subsidiary Company	
		<b>Kabushiki-Kaisha (KK)</b> (Kabushiki Joto Seigen Kaisha) [If No Committee is Established]	<b>Godo-Kaisha (GK)</b> Limited Liability Co (LLC)
<b>Capital</b>	No capital (same as HO)	<b>1 yen or more (*1)</b>	<b>1 yen or more (*1)</b>
<b>Number of investors</b>	Not applicable	<b>1 or more</b>	<b>1 or more</b>
<b>Liability of equity participants/parent co. toward creditors</b>	Unlimited	Limited to the amount of equity participation	Limited to the amount of equity participation
<b>Transfer of equity participation shares</b>	Not applicable	Maybe transferred freely in principle. Maybe stipulated in articles of incorporation so that the board of directors' approval is needed for the transfer of shares.	Unanimous approval of equity participants (members) required
<b>The Number of executives required</b>	Representative in Japan - 1 or 2(*2)	Appointment of 1 or more (*2). Representative director with the right to execute business. If no representative director is appointed, executive officers each have the right of representation.	No legally stipulated min. In principle, all members are executive officers, but a representative member may be appointed (*2).
<b>Legally stipulated term of office for executives</b>	No legally stipulated term	<b>2 years in principle. Extendable up to 10 years</b>	No legally stipulated term
<b>Regular general meeting of shareholders/members</b>	Not required	In principle, it must be held every year	Not required
<b>Possibility of the public offer of stock</b>	Not applicable	Possible	Not possible
<b>Possibility of reorganization into a joint-stock corporation</b>	Not possible. Need to separately close branch office and establish joint-stock corporation (*3)	N/A	Possible
<b>Distribution of profits and losses</b>	C/o Parent Co.	Allocated according to equity participation ratio	May be allocated at a different ratio from equity participation ratio if specified in articles of association
<b>Taxation of profits</b>	Income arising within Japan is in principle taxed	Taxed on profits according to a KK Co and profits allocated to shareholders	Taxed on profits according to a GK Co and profits allocated to members

(\*1) The Establishment with zero yen capital is theoretically possible, but it is impossible to incorporate without paying capital in practice.

(\*2) At least one representative must be a "Resident of Japan." [Except for subsidiary company (KK co or GK co) under the regulation effective Mar' 2015]

(\*3) Refer to "Closure of branch office" for details.

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