

Outline of the Act on the Partial Revision to the Labor Standard Act (No.13 of 2020)

Purpose of revision

The Act is revised to extend the statute of limitations period for wage claims to the Act on the partial Revision to the Civil Code(No.44 of 2017) abolishes short-term statute of limitations for wage claims, and the Labor Policy Council has made proposals for changes. The revision also allows the government to take transitional measures as the law on the partial amendment.

Outline of revision

1. Extension of the statute of limitations period for wage claims, etc.

- Under the revised act, the statute of limitations period for wage claims is five years just as the amendment to the Civil Code, which took effect in April 2020, adopts a five-year statute of limitations.
- The revision clarifies that the statute of limitations period begins to run from the time when the claim can be exercised (the payday).
- (※) The limitation period remains five years for claims for retirement allowances and two years for claims for industrial accident compensations and paid leave, etc.

2. Extension of document preservation period, etc.

- The revision extends the preservation period for documents such as wage ledgers to five years as it sets the statute of limitations for wage claims at five years.
- The revision extends the limitations period for claims on “additional payments” which courts order an Employer who has violated the responsibility for payment of wages such as overtime pay to pay to five years as it sets the statute of limitations for wage claims at five years.

3. Enforcement date, transitional measures, provisions to be considered

- Date of enforcement : April 1, 2020 (the date of enforcement of the amended Civil Code)
- Transitional measures : the statute of limitations period for wage claims, the documents preservation period and the limitation period for claims on “additional payments” are set at three years for the time being.
The new statute of limitations will apply to claims of wages that are due on or after the enforcement date
- Provisions to be considered : the government will deliberate the revision after five years from its enforcement and take measures if necessary.

(Reference)		Current law	Revised law	Date of enforcement, etc.
【Civil Code】	<ul style="list-style-type: none"> • the statute of limitations period for claims of wages for a month or the period shorter than a month (the short-term statute of limitations) 	1 year	The revision repeals the short-term statute of limitation. Under the amendment, the statute of limitations for claims based on contracts is generally set at five years.	Enforcement date : April 1, 2020 The new statute of limitations will apply to claims on contracts that are concluded on or after the enforcement date.

Special act

		(Current law)	(Revised law)	(Revised law)
【Labor Standard Act】	<ul style="list-style-type: none"> • Statute of limitations period for wage claims • Limitation period for claims on an additional payment • Statute of limitations period for claims on retirement allowances • Requirement period for the preservation of documents such as wage ledgers 	2years 2years 5years 3years	5 years(※) (※) the statute of limitations is set at three years for the time being. 5 years(※) 5 years 5 years(※)	Enforcement date : April 1, 2020, (when the amendment to the Civil Code went into effect) The new statute of limitations will apply to claims of wages that are due on or after the enforcement date.